Daily Report

Latin America

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FBIS-LAT-93-123 *29 June 1993*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Government Reacts to U.S. Attack Against Iraq *[Havana Radio]* 1
Says Accusation Against Iraq Not Proven *[Havana Radio]* 1
ANPP Debate Opens With Review of Energy Situation *[Havana Radio]* 1
ANPP Proposes Top Justice Officials *[Havana Radio]* 2
Castro Addresses ANPP Session *[Havana Radio]* 2
Castro Discusses Energy, Tourism, Milk *[Havana]* 2
ANPP Discusses Oil Development *[Havana Radio]* 3
Foreign Minister Robaina Addresses Ecosoc Plenum in Geneva *[Havana Radio]* 4
Export of Railroad Ties To Begin in Aug *[Havana Radio]* 4
Basic Industry Minister Speaks on Power, Crude Oil Production *[Havana Radio]* 4
Sugar Industry Contribution to Energy Discussed *[Havana Radio]* 5

Inter-Caribbean Affairs

Barbados, Guyana, Trinidad To Review Cooperation *[CANA]* 5

Haiti

Cedras Reportedly Wants To Meet Aristide Face to Face *[Port-au-Prince Radio]* 6
Caputo Holds Separate Talks With Aristide, Cedras *[Port-au-Prince Radio]* 6
Deputy Antoine Joseph Speaks on Aristide-Cedras Meeting *[Port-au-Prince Radio]* 7
Diplomatic Sources Speculate on Course of Negotiations *[Port-au-Prince Radio]* 7
Police Disperse Pro-Aristide Demonstrators During Mass *[Port-au-Prince Radio]* 7

St. Lucia

Japan Funds Fish Industry Modernization *[CANA]* 8

MEXICO

* Price of Free Trade Agreement Questioned *[EXCELSIOR 3 Jun]* 9

CENTRAL AMERICA

Belize

CANA Reports on 30 Jun Election Issues 11

El Salvador

Minister Ponce Says Peace Process 'Irreversible' *[San Salvador Radio]* 12
Corado, Zepeda Speak on Candidacy for Defense Minister *[San Salvador Radio]* 12
Cristiani Speaks on Appointment of Deputy Police Director *[San Salvador TV]* 13

Guatemala

Foreign Ministry States Stand on Belize *[Guatemala City TV]* 13
Government Ratifies Recognition of Belize Independence *[ACAN]* 14

President Reportedly Removes Defense Minister *[NOTIMEX]* 15
New Defense Minister Appointed *[Guatemala City TV]* 15
New Defense Minister Comments *[Guatemala City TV]* 15
* Commentary on $2.1078 Billion Foreign Debt *[SIGLO VEINTIUNO 6 May]* 16
* Cotton, Coffee Sectors in Crisis Situation *[EL GRAFICO 3 May]* 17
* U.S. Cotton Subsidies, Dumping Hit by CNA *[SIGLO VEINTIUNO 17 Apr]* 18
* Agricultural Crisis Ascribed to Government *[EL GRAFICO 20 Apr]* 18
* New Oil Well Produces 1,500 Barrels Daily *[PRENSA LIBRE 14 Apr]* 19
* Tourism Earnings Increase in 1992, 1993 *[EL DIARIO DE CENTRO AMERICA 12 May]* 20

Honduras

Agreement Reached With Nicaragua To Fight Crime *[EL HERALDO 28 Jun]* 20

Nicaragua

Sandinist March Marks Victory Over Somoza Dictatorship *[BARRICADA 27 Jun]* 20
* Problems Implementing Job Programs Explained *[BARRICADA 24 May]* 21
Report on Economic Situation in Cuba *[Managua Radio]* 23

Panama

Endara Threatens To Veto Electoral Reform Bill *[LA PRENSA 28 Jun]* 23
Society of Jesus Voices Opposition to New U.S. Ambassador
[LA ESTRELLA DE PANAMA 28 Jun] 24
Former Officer Linked to Terrorist Attack Arrested *[Panama City TV]* 24

SOUTH AMERICA

Argentina

Menem Says Relations With U.S. 'Excellent' *[TELAM]* 25
Menem Arrives in U.S., Calls Husayn 'Savage Terrorist' *[NOTICIAS ARGENTINAS]* 25
Menem Discusses Sale of YPF Shares *[NOTICIAS ARGENTINAS]* 25
Economy Minister Cavallo Seeks Foreign Investment *[BUENOS AIRES HERALD 26 Jun]* 26
Defense Minister Dismisses National Border Guard Director
[BUENOS AIRES HERALD 28 Jun] 26
Interior Minister Denies Efforts To Control Ideology *[BUENOS AIRES HERALD 27 Jun]* 26
Run-Up to October Congressional Elections Held *[BUENOS AIRES HERALD 28 Jun]* 27

Bolivia

Union Leader Says U.S. Attack on Iraq 'Should Be Condemned' *[La Paz Radio]* 27
Patriotic Accord Campaign Manager Assesses Defeat *[LA RAZON 15 Jun]* 28
Capobianco Decides Not To Assume Post as Deputy *[La Paz TV]* 28
Precursors of Huanchaca Case 'Evaporated Suspiciously' *[LA RAZON 19 Jun]* 28
Drug Traffickers Reportedly Leaving Chapare, Beni Red Zones *[HOY 21 Jun]* 29
Government To Destroy 5,000 Hectares of Coca in 15 Months *[LA RAZON 15 Jun]* 29

Brazil

'Possible Involvement' of Iraqis in Bush Plot Condemned *[Brasilia Radio]* 30
Finance Minister Says Public Sector Opposes Economic Plan *[Rio de Janeiro TV]* 30
Participation in Argentine Satellite Project 'Declined' *[Madrid EFE]* 30

Chile

National Renewal Party Rejects U.S. Attack on Iraq *[Santiago Radio]* 30
Minister Comments on Human Rights Violations *[Santiago Radio]* 31
* Aylwin: Further Privatization 'Not Advisable' *[EL MERCURIO 20 May]* 31
* Study Examines Export Product Trends *[EL MERCURIO 19 May]* 32

* Software Companies Open Offices Abroad *[EL MERCURIO 25 May]* 33
* Luksic Group Enters Television Market *[EL MERCURIO 25 May]* 34
* Difficulties in Opening Small Businesses Detailed *[EL MERCURIO 1 Jun]* 34
* Tax Reform Agreement Gives Incentives To Saving *[EL MERCURIO 6 Jun]* 35

Colombia

Prosecutor General Confirms Escobar Plans to Surrender *[Santa Fe de Bogota TV]* 37
President Agrees Escobar To Be Sent to Itagui Prison *[Santa Fe de Bogota Radio]* 37
Official Responds to Roberto Escobar's Accusation *[Santa Fe de Bogota TV]* 38
Pardo Denies Possible Joint Patrols With Venezuela *[Santa Fe de Bogota TV]* 38
Medellin Cartel Members Returned to Itagui Prison *[Santa Fe de Bogota Radio]* 38
* Ochoa Sentence Makes Surrender Policy 'Success' *[SEMANA 1 Jun]* 38
* Ernesto Samper Discusses Campaign Plans, Issues *[EL ESPECTADOR 25 May]* 39

Paraguay

German Ambassador Asks Deputy To Apologize *[NOTICIAS 26 Jun]* 41
Congressman Criticized for Attacks Against U.S. Ambassador *[ULTIMA HORA 25 Jun]* 42
Deputy Reaffirms Position; Diplomats Issue Formal Protest *[Asuncion TV]* 42
Chamber Turns Down Investment Agreement With Low Countries *[NOTICIAS 26 Jun]* 43
Study Indicates Poverty Reaches 54 Percent of Population *[ABC COLOR 26 Jun]* 43
Armed Forces Prepare Joint Maneuvers For 7-8 July *[NOTICIAS 26 Jun]* 44

Peru

Fujimori Says Press Must Be Free But Responsible *[EL PERUANO 14 Jun]* 44
Survey Puts Fujimori Approval Rating at Highest of Year *[EXPRESO 15 Jun]* 44
Foreign Ministry on Role of Human Rights Organizations *[EXPRESO 16 Jun]* 45
APRA Secretary General Unable To Reorganize CEN *[CARETAS 17 Jun]* 45
Daily Proposes Plebiscite on Presidential Reelection *[EXPRESO Jun]* 46
Paris Club Provides Millions in Aid, Loans *[Lima TV]* 46
Counterterrorist Group Identifies New Shining Path Leaders *[TELAM]* 47
Counterterrorism Directorate Presents 11 Rebels *[Lima TV]* 48
'Suicide Commando Unit' Reportedly To Rescue Guzman *[Lima Radio]* 48
* Effects of Guzman's Capture on Shining Path *[CARETAS 20 May]* 48
* Shining Path Monthly on 'Tasks, Goals of Revolution'
[Brussels EL DIARIO INTERNACIONAL Mar 93] 50
State of Emergency Extended; Terrorists' Lawyers Arrested *[AFP]* 52
Hermoza Says MRTA 'Almost Defeated' *[Lima TV]* 52
Military Court Sentences Shining Path, MRTA Terrorists *[Lima TV]* 53
Clandestine Papers Says 'Defeat of Terrorism' 'Bad Dream' *[EL DIARIO May-Jun]* 53

Uruguay

Condor Missiles 'Could Be Hidden in Uruguay' *[Montevideo Radio]* 54
Berrios Signature on Letter Delivered in Milan 'Authentic' *[Montevideo Radio]* 54

Venezuela

Foreign Minister 'Regrets' U.S. Attack on Baghdad *[Caracas TV]* 54
* Industrial Activity Indicators Fall in First Quarter *[EL DIARIO DE CARACAS 22 May]* 55
* CVG, Finance Ministry Reach Agreement on Sidor Debt
[EL DIARIO DE CARACAS 18 May] 55
* Employment Figures for Second Half of 1992 Viewed *[EL UNIVERSAL 17 May]* 56

Cuba

Government Reacts to U.S. Attack Against Iraq

FL2806195793 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 93

[Text] Today, Cuba made known its reaction to the U.S. attack against Iraq though Foreign Minister Roberto Robaina, who began a 48-hour visit to Geneva to attend the UN Social and Economic Council meeting. In an interview with PRENSA LATINA reporter Mary Simon, Robaina referred to the recent U.S. attack against Iraq as showing the obvious danger of advocating any type of policy giving the right to aggression.

[Begin recording] [Robaina] I believe it demonstrates, once again, the danger of what we are [words indistinct]. I do not think mankind should have to go to bed every night, restless and insecure, knowing that they may be awakened by being bombed by someone's decision, regardless of that person's power and importance. This is unthinkable.

I believe that some of the declarations I have heard in the last few hours are part of a hypocrisy that I believe is unacceptable. I do not think this will produce the results the world needs in times like these. I believe this is evidence of the danger that we are all facing and that we have been perceiving for some time.

I believe that none of the issues could apparently be considered justifications. They are all based on suspicions, or proven and unproven acts. The truth is that there are victims, that this cannot be the solution, and that, of course, we do not agree.

[Simon] To some degree, the situation that will develop from this attack contradicts the principles that were voiced in the World Conference on Human Rights held in Vienna on international cooperation.

[Robaina] I believe it is also part of....[changes thought] I do not know whether you can call it double standards because I do not know how to designate actions of this type. On the other hand, the will to promote cooperation and other aspects was advocated by the delegations and 24, 48, 72 hours later there are actions and statements of this kind. This is why, I believe, life has shown us that even in great meetings and events, through understanding and explaining we still will not resolve the urgencies of the times.

I believe mankind needs a different type of action. Mankind needs actions that result in cooperation, peace, and tranquility rather than a constant threat.

Today, we have not only threats, but victims who had nothing to do with what supposedly happened or what was supposedly investigated. Everything is based on allegations; but the deaths are not alleged. [end recording]

Says Accusation Against Iraq Not Proven

FL2806215793 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 93

[Station editorial]

[Text] Under international law, Sunday's violent bombing against what Washington described as the Iraqi Intelligence Service headquarters is unexcusable. According to Iraqi sources, the result of the attack, as is well known, was six dead civilians, over 12 injured, four homes destroyed, and 33 homes damaged. The U.S. Government, in its after-the-fact explanation to the UN Security Council, stated that it, I quote, "exercised the right of legitimate defense" after contending that the Iraqi Government tried to murder President George Bush last month in Kuwait.

According to international law and the UN Charter, a bellicose action of this kind—23 Tomahawk missiles launched from two U.S. warships—constitutes a declaration of war when all means of peaceful negotiation have been exhausted. On the other hand, the accusation that Iraq tried to murder President Bush has not been proven before the international community and its organizations, the United Nations or the International Court of Justice at The Hague. Only a few U.S. allies in NATO, not all, were briefed beforehand on this unilateral action. The United States, according to U.S. Congress documents, has been involved in attempts to assassinate foreign heads of state. In its view, a confession requires no further proof.

The U.S. delegation to the recently concluded World Conference on Human Rights signed the final declaration rejecting the unilateral use of force. Likewise, the main job of the UN Security Council is to preserve peace and international security, and, as far as is known, it was informed of the attack after the action, which lacked the authorization of a Security Council resolution. According to known precedents, the U.S. attack against Baghdad is the expression of a policy of force undoubtedly inherited from previous U.S. Administrations but still being practiced because of the difficulty of dismantling its complex political scaffolding or because of conjectural domestic issues.

The truth is that this type of action violates international law and gives to the powerful advantages incompatible with civilized coexistence with the plurality of nations, systems, stages of development, and cultures that comprises today's world.

ANPP Debate Opens With Review of Energy Situation

FL2806213093 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 93

[Text] The subject of energy opened the debate of the first regular session of the fourth legislature of the National Assembly of the People's Government [ANPP] which is being closely followed by Commander in Chief

Fidel Castro at the Convention Center. The intensity of the discussions, the references to results, the content of the reports of the Temporary Energy Commission, and the development of domestic energy sources make one think the National Assembly will truly lay down the strategy to be followed in the battle against energy and fuel limitations.

Jaime Crombet, ANPP vice president and chief of the Temporary Energy Commission, read a report containing all the work done to prepare for this meeting, the creation of the provincial subgroups, the meeting with the central commission, the help provided by the executive committee of the Council of Ministers, Fidel's words, the participation of the Union of Young Communists, the labor movements, the mass organizations, and the need to achieve true popular participation.

[Begin recording] The report of the commission refers to provinces, centers, experiences, results, ongoing research, and outstanding comrades, in an effort to highlight everything significant and useful in the great battle still ahead on this field. [end recording]

The first regular session began with a minute of silence in honor of recently deceased Deputies Faustino Perez and Jose Felipe Carneado.

(Cuto Vialla), secretary general of the Ghanaian (Democratic National Party), and Cecilia Johnson, secretary general of the 31 December Women's Movement of Ghana, are attending the ANPP meeting.

Debate continues at the plenary session.

ANPP Proposes Top Justice Officials

FL2906023293 Havana Radio Reloj Network in Spanish 0206 GMT 29 Jun 93

[Text] The first day of meetings of the National Assembly [of the People's Government, ANPP] has ended at the Convention Center with the approving of the [word indistinct] for the election of the president of the Supreme [People's] Tribunal and of the attorney general of the Republic. Commander in Chief Fidel Castro was present. Dr. Raul Amaro Salup was proposed for the position of president of the Supreme Tribunal, and Juan Escalona Reguera was proposed for the position of attorney general of the Republic.

ANPP deputies earlier approved the report on the legislature's international activity, as well on the friendship groups formed with different countries. The results of the polling are to be made public in Tuesday's session, in which the important topic of the People's Councils will also be discussed.

Castro Addresses ANPP Session

PA2906022593 Havana Radio Havana Cuba in Spanish 0100 GMT 29 Jun 93

[Text] Cuban President Fidel Castro said the country could have made greater progress without the U.S.-imposed economic blockade, which even North American friends of Cuba oppose. Fidel Castro said this during an ordinary session of the National Assembly of the People's Government [ANPP] that began on 28 June. The first session served to analyze energy programs, fuel savings, and the use of Cuban energy sources.

Castro said that the ANPP has never met under such a complex situation as the country currently faces.

In an analysis of the problems Cuba faces, Fidel Castro referred to the neuropathic epidemic that is lashing Cuba, and highlighted the human, economic, and scientific efforts made to detect the epidemic's cause and to fight it.

Castro announced that U.S. scientists arrived in Havana on 28 June to help Cubans reach conclusions about the neropathic epidemic.

The 29 June ANPP session will discuss the people's councils and their contribution to solve social and economic problems.

Castro Discusses Energy, Tourism, Milk

FL2906015793 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 93

[Text] This afternoon, the deputies to the National Assembly of the People's Government [ANPP] paid great attention to aspects of the National Energy Program. Commander in Chief Fidel Castro, president of the Councils of State and Ministers, summarized the debates with these words:

[Begin recording] I think the manner in which this discussion is developing is very good: serious, in-depth, every comrade is presenting his ideas and his concerns, some local, others more general. I think the debate is going well and is very useful. One of the things brought up for consideration is the issue of giving or not giving permanent status to the ANPP Energy Commission. I believe this process, this debate is related to a matter of awareness because it has raised awareness on one of the most essential subjects: energy.

Of course, there are also reports that the availability of wood is dropping and, therefore, the importance of using all that chaff instead of charcoal for cooking and all those things.

I think this debate will yield a great number of results. We are trying to see here what can and should be done regarding the energy issue. [end recording]

The subject of Cuban oil extraction, within the National Energy Program, was discussed in depth by the deputies

and Commander in Chief Fidel Castro, who commented on the activities to which Cuba has paid prioritized attention:

[Begin recording] The issue of oil, from the beginning, as with nickel and tourism....[changes thought] Tourism works, because of the income it brings in. Not a cent is spent for tourism. Tourism runs on its own. Even the supplies consumed by tourism are not taken from supplies for the population. It does not compete with supplies for the people. These are productions financed by tourism or imports. Tourism does not take anything from the population; on the contrary, the facilities the Cuban people enjoy—a relatively high number each year—are financed with income from tourism. [end recording]

During the debates on domestic crude oil extraction, Basic Industry Minister Marcos Portal told the ANPP that there is complete surety that this year 1 million tons of domestic crude can be attained. Portal enumerated the types of business conducted with international oil companies and in this regard, Fidel had the following words:

[Begin recording] This has not progressed further for the same reason many perspectives have not progressed in other fields we are trying to develop: because of the pressures from the United States. We should not forget, when analyzing a specific aspect of this problem, that this aspect is influenced by everything else. This situation is related to the lack of hard currency. Portal said $18 million are needed. Portal explained that scarce resources compete with others that are essential. He mentioned milk for children. He mentioned the electricity needed at the plants to process milk for the children. We have to add to this the elevated cost of acquiring that powered milk.

Before, we acquired a portion of it from the socialist bloc. We obtained 25,000 tons in the last year [as heard] from Germany. It was enough to produce 250 million liters. Other amounts were acquired from the USSR. We always counted on milk acquired in the West, but we also always obtained a great amount of animal feed and fertilizer from the socialist bloc. Our milk production dropped significantly, as did meat, pork, and poultry production after the disappearance of any possibility of obtaining animal feed. We bought animal feed with sugar at higher prices. We bought fuel with sugar at higher prices. The resources available nowadays are truly small. This is our problem: how to acquire more resources for imports, more hard currency. [end recording]

ANPP Discusses Oil Development

PA2906133693 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Jun 93

[Report by Barbara Betancourt]

[Text] Good evening. The energy problem is one of the points on the seven-point agenda for the first regular session of the fourth legislature of the National Assembly of the People's Government [ANPP]. As you will remember, it was constituted on 15 March, following the first direct and secret elections held on 24 February. This is an important meeting. One always tends to believe that it is, in fact, a meeting that will discuss problems closely linked with the country's life. Everyone is aware of the fact that the energy problem, the energy crisis we are experiencing at this moment, effects all sectors of the economy and the lives of all Cubans. That is why a temporary commission was created, not to review or to draft a new energy program. The program was drafted five years ago and has been redefined with the assessment and approval of the Council of Ministers and the National Energy Commission. The purpose is to adapt the program to the current moment and to implement it more effectively. This topic took up virtually the whole day on 28 June. I arrived here a couple of minutes ago, because it ended only a few minutes ago. This session, which was held with the participation of deputies, speakers, and the public, lasted into the evening hours until almost 2100. Almost 54 deputies participated, some of whom spoke twice. Some invited guests, who also spoke on the topic of energy. Their participation was vital because they clarified many aspects and gave valuable information.

A report was approved by Jaime Crombet, vice president of the ANPP. Crombet chaired the temporary commission that was originally scheduled to end during this regular period of sessions. It was agreed during the debate, however, to extend the term of the commission for one more year at least, so that it can submit a report based on recommendations. There were many deputies who spoke on their own experiences in their own territory. For a long time now other energy resources have not been used. We do not have alternate resources. We are not an oil country and we do not have alternatives. We have renewable resources as we are using crude petroleum. As everyone knows, our national crude is too poor to generate electricity or to use in thermoelectric plants because it is very heavy, has a high sulfur content, and is very corrosive.

Deputy and Basic Industry Minister Marcos Portal explained how petroleum is processed. Cuban specialists know how to treat this petroleum, which basically affects a certain part of the boiler. It is treated with a varnish. Other things were discussed, which I cannot repeat here because I am not an expert. What is obtained is an effective use of the boilers. At this moment, with this situation, 30 percent of the energy used by the people is generated from the burning of that petroleum, that is from the use of that petroleum. It is planned to increase the use of this petroleum. It is hoped that more than 1 million tons of national crude will be extracted in 1993. This is an important amount, because for a long time extraction stood at .5 million tons. In 1992 we reached 900,000 and now prospects are to extract over 1 million tons. All of this was discussed.

Cuba's oil development strategies were discussed. As everyone knows oil development is very costly. A solution has been found, however, by accepting bids from foreign firms. Another possibility is improvement of the oil wells. Technology, mostly Soviet and Czechoslovak, is increasing the amount of production of those wells five-fold by using modern technology. As is known, there are very prestigious oil companies from Sweden, Canada, and France that are working on this. For bidding purposes, Cuba has been divided into blocks. In March Cuba opened bids in Calgary, which is the capital of petroleum, and opened bids for 11 blocks in London. Some are on land, in the sea, and some are combined. Companies have until August to submit their bids. These are the prospects.

At this point Cuban President Fidel Castro spoke. He said that there has not been more rapid progress in other development projects in Cuba due to the U.S. pressure on all those interested in establishing commercial and business ties with Cuba. In this sense Fidel's speech extended into the difficult situation of the energy problem, not to mention the loss of our traditional market, the former USSR, from where we imported 13 million tons, and the blockade. The basic reason we are in our current situation is due to the drop in sugar prices in the world market. As you can see, we could purchase a lot in the past with 1 million tons of sugar. We could buy millions of tons of petroleum. Now it suffices for one and a little more. Everyone spoke of their experiences in the use of other resources. This was the topic that the Cuban deputies discussed until 1900 or later.

Then a report was prepared on the international activity carried out by the Cuban Congress since last year, all of 1992, and the beginning months of this year. It was noted that Cuba has participated actively in international or regional parliamentary activities. In this period the European and Latin American Parliaments met and Cuba participated in the interparliamentary meeting. In addition, there were visits by deputies from those countries to Cuba, rapprochements between cities, and the creation of parliamentary groups. The 28 June meeting concluded. The session concludes tomorrow or the day after. The 28 June meeting concluded with the election of the judges, professionals, president, vice president, attorney general, and deputy attorney general. Juan Escalona was proposed as attorney general and it was proposed to confirm Raul Amaro Salup as president of the Supreme People's Tribunal. The results of the vote will be announced on 29 June.

Foreign Minister Robaina Addresses Ecosoc Plenum in Geneva

FL2906012093 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 93

[Excerpt] [Words indistinct] vis-a-vis the powerful obstacle that the economic, trade, and financial embargo that has been imposed on us constitutes, stressed Cuban Foreign Minister Roberto Robaina in Geneva. Robaina spoke today at the plenary session of the UN Economic and Social Council [Ecosoc]. In that context, Robaina stressed Cuba's support for calling the summit on social development scheduled for 1995, and he rejected the imposition of a particular political model and neoliberal economic prescriptions. Robaina said frustration is the sentiment that best describes the current state of affairs in social development. He added that 24 years after the adoption of the declarations regarding progress and social development, the majority of the objectives of those declarations remains unattained today; and that in this matter, the prospects for mankind look somber.

In this connection, Robaina said it suffices to point out, as an example, that according to UN Children's Fund statistics, 24 million children under five years of age die each year in the underdeveloped world, victims not of wars and conflicts but of underdevelopment and a system of unjust economic relations that imposes on a majority of mankind conditions of extreme poverty that put the very survival of man at risk. [passage omitted on previously filed material]

Export of Railroad Ties To Begin in Aug

FL2906005293 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Jun 93

[Text] Transportion Minister Senen Casas Regueiro has announced that with the marketing of railroad ties for hard currency, Cuba will be adding, as of August, a new, profitable export category.

Basic Industry Minister Speaks on Power, Crude Oil Production

FL2806205893 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 93

[Report by Carlos Santana Ojeda from Havana's Convention Center]

[Text] Basic Industry Minister Marcos Portal has told Cuban and foreign journalists that 50 percent of Cuba's electricity can be generated, within a relatively short time, by using Cuban crude oil. During a recess in the meetings of the National Assembly at the Convention Center, Portal commented on the importance of this fact, and announced that over 90 percent of Cuban families have reduced their energy consumption.

The minister stressed: The problem does not lie in cutting off electric power; rather, we must use the electricity we have in the most efficient factories.

[Begin Portal recording] And I can tell you that over 90 percent of the population has reduced their energy consumption—they themselves, by turning off unnecessary lights and so forth. It has always been our idea to protect the populace as much as possible. As for the state, what we do is to concentrate energy in the most efficient operations, in the factories that are most useful, most efficient, those that have raw materials. That is

more or less the approach we have, for the next few months: not to see the problem in terms of power outages but rather in terms of concentrating the energy we possess in the most efficient places, including the home.

Cuban families consume the most electricity at night. That is the reason we must concentrate the outages at that time. It would be better, of course, if we could do it at some other time. [end recording]

According to Portal, there is hope of finding better quality crude oil in Cuba. He also stressed that production representing export funds will not affected.

Sugar Industry Contribution to Energy Discussed

FL2806220993 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 93

[Text] The nation's energy program is being discussed by the deputies attending the current session of the National Assembly. The following commentary by journalist Diosdado Maso is on the sugar industry's contribution to the nation in the field of energy.

[Maso] After Cuban oil, the sugar industry is the agroindustrial sector in Cuba with the greatest potential for contributing, along three fundamental lines: bagasse and chaff, energy efficiency, and biogas—products of the liquid and solid residues of the sugar mills.

During an average sugarcane harvest, in which 70 million tons of cane are cut, 25 million tons of bagasse can be produced. Knowing that of this amount of available combustible bagasse, the industry consumes only some 19 million tons to produce sugar, paper, and [pressboard] planks, one can understand the dimensions of the contribution our industry can make in spearheading the nation's energy plans.

Cane chaff is the other available energy source we possess. By using just one-third of the chaff we remove from the sugarcane at the collection centers, we could obtain volumes the equivalent of over 700,000 tons of conventional fuel per year.

The third line the sugar industry has available is obtained through the sugar mills' energy efficiency. In this connection, the emerging task lies in finishing the installation of 42 turbogenerators at the mills that still do not have them, relocating others, and finishing the study on low-power equipment that guarantees optimal use of available steam and maximal generation of electricity not destined for industrial consumption. That is why the contribution of the sugar agroindustry to the first phase of this energy plan that is being discussed by the Cuban legislature is of no less than 225,000 tons of conventional fuel per year. Such generation will allow us to make the industry self-sufficient and to produce electrical energy for other services.

Cuba has more than nine conventional sources of energy, among them water, wood and charcoal, peat, biogas, solar energy, and wind power. However, of all these sources, bagasse and chaff and the solid and liquid residues from the sugarcane industry and sugarcane agriculture represent, right now, our greatest energy wealth. Hence the discussions.

Inter-Caribbean Affairs

Barbados, Guyana, Trinidad To Review Cooperation

FL2906005793 Bridgetown CANA in English 2216 GMT 28 Jun 93

[By Linda Hutchinson]

[Text] Port of Spain, Trinidad, June 28, CANA—Representatives of the Governments of Barbados, Guyana and Trinidad and Tobago will meet here on Thursday to review talks on an initiative for closer ties among the three countries and make recommendations to their heads of government for a possible meeting in The Bahamas next month, Trinidad and Tobago's high commissioner to the Caribbean Community, Louis Wiltshire, said.

Trinidad and Tobago Prime Minister Patrick Manning, after making a proposal for closer relations among the three countries, met with Barbados Prime Minister Erskine Sandiford and Guyana President Dr Cheddi Jagan last year to discuss the so-called Manning initiative.

They agreed on priority action which included greater collaboration and co-operation in diplomatic missions including joint representation abroad, increased co-operation in sport, double taxation treaties among the countries, and drug enforcement and interdiction activities.

Stating that the three countries have been pursuing the initiative "with enthusiasm and sustained attention", Wiltshire said one possible area for early action was reciprocal social security.

"The executive director of the (Trinidad) National Insurance Board informed us that Caricom had advanced considerably in the area of regional social security arrangements," he said, adding that the eastern Caribbean countries were working on their own social security in the Caricom framework.

"...And there would be very positive possibilities for early action by Barbados, Guyana and Trinidad and Tobago in the area of reciprocal social security and of course if that occurred, that would underpin the ongoing work in Caricom for the freedom of movement for skilled persons since they wouldn't have to worry about the transferability of their social benefits."

The high commissioner said representatives of the three countries also held discussions on co-operation in diplomatic missions including joint representation abroad.

"However, both Barbados and Trinidad and Tobago had as basic bottom lines, that no arrangemeats should increase the costs we currently bear with foreign representation.

"So although we reviewed all the areas in which the three countries had representation externally, the main possibility seems to be shared facilities and there we had to take account of existing arrangements so any active follow-up would be down the road, taking into account, expiration of leases and a survey, of what were the requirements we each had and how they could be brought together," Wiltshire said.

Haiti

Cedras Reportedly Wants To Meet Aristide Face to Face

FL2806204393 Port-au-Prince Radio Metropole in French 1600 GMT 28 June 93

[Report by Rothschild Francois, from New York—live]

[Text] Good afternoon, ladies and gentlemen. Serious matters should start during this second day of inter-Haitian discussions, under the auspices of the United Nations, here on Governor's Island in New York. The talks between the team of ousted President Aristide and that of General Cedras have resumed in principle at 1600 GMT on Governor's Island. President Aristide is meeting at this moment with international mediator Dante Caputo; today, details must be discussed. Clearly, the various points on the agenda elaborated by both parties must be debated. Dante Caputo, who on 27 June spoke of a favorable atmosphere for the first discussions, did not want to give any details regarding that agenda. It is known that President Aristide made a point of obtaining a date for his return to Haiti and of demanding the dismissal of the military high command, according to sources close to Aristide.

As for the military delegation, a source let us know that Gen. Cedras wants to meet face to face with President Aristide. The expected meeting had not yet been held this morning in New York; the Aristide-Caputo meeting continues on Governor's Island. Caputo could meet with Gen. Cedras in the afternoon, as was the case yesterday. The position of the Army regarding the demands of President Aristide is still unknown. THE DAILY NEWS in New York reports that Caputo is trying to prompt Gen. Cedras into accepting a specific date for the return of President Aristide to Haiti. THE DAILY NEWS also asserts that mediator Caputo was trying to persuade President Aristide to grant general amnesty to Gen. Cedras and the other military responsible for the death of several persons during the coup d'etat on 30 September 1991.

Here in New York a demonstration is scheduled for this afternoon in front of the premises of the United Nations. Remember that a demonstration was held on 27 June, where people chanted very hostile slogans against Gen. Cedras. Some pro-Aristide demonstrators are basically against the negotiations being held here in the United States on Governor's Island between President Aristide's party and that of Gen. Raoul Cedras, commander in chief of the Armed Forces of Haiti.

Caputo Holds Separate Talks With Aristide, Cedras

FL2806151693 Port-au-Prince Signal FM Radio in Creole 1130 GMT 28 Jun 93

[Text] Talks to restore democracy to Haiti began on 27 June on Governors Island, a small island in New York harbor. In attendance were ousted President Jean-Bertrand Aristide and the Army chief, General Raoul Cedras. Extensive safety measures were taken for these discussions, which are the first ones since the coup that overthrew Aristide in September 1991. The island was surrounded by the U.S. Coast Guard. Opponents to the Haitian de facto regime demonstrated in front of the UN Headquarters, which is 5 km from the island.

The negotiations are aimed at ensuring a peaceful transfer of power in Port-au-Prince. They are led by Argentine diplomat Dante Caputo, who has been given the responsibility of serving as mediator by the United Nations and the OAS. Caputo met separately with Aristide and Gen. Cedras on several occasions on 27 June. The mediator came and went between the two red-brick buildings housing the two Haitian delegations.

Two congressmen [rephrases] Several (?Black) U.S. congressmen, who are closely following the Haitian crisis, were also present on Governors Island. Democrat Charles Rangel, who had breakfast with Aristide, told the press that President Aristide is prepared to stay as long as necessary to allow for successful talks. The talks resulted from the enforcement of international sanctions against Haiti on 23 June.

Meanwhile, Rangel went on to say that the sole condition set by Aristide is that he should return to power in Haiti. Thus, those, who staged the coup, should step down because they are not authorized to stay. According to Rangel, who was quoting Aristide, Gen. Cedras, (?did not play well) for a long time and we have now reached a point where we should put the cards on the table. According to Rangel, President Bill Clinton's and U.S. prestige is at stake today. Democratic Representative John Conyers of Michigan, who recently visited Haiti, is following the talks. He said that things do appear to be bad.

Caputo's objective is to bring Father Aristide and Gen. Cedras, who have not met for 21 months, face-to-face as soon as possible. The negotiations are expected to last several days.

According to a UN official communique, the talks are separated [rephrases] Yesterday's talks were held separately. Dante Caputo spoke separately to Gen. Cedras

and then to President Aristide. Aristide and Cedras have, however, not as yet sat around the same table to talk. A U.S. State Department official, Lawrence Pezzullo, also participated in the first meeting Caputo held with Jean-Bertrand Aristide on Governors Island on 27 June.

Deputy Antoine Joseph Speaks on Aristide-Cedras Meeting

FL2806194393 Port-au-Prince Signal FM Radio in Creole 1130 GMT 28 Jun 93

[Text] The Haitian situation cannot be resolved without the participation of the Haitian Army, one of the main elements of the country's crisis, according to Deputy Antoine Joseph. During a special 27 June Signal FM program on the Aristide-Cedras meeting, Deputy Joseph opposed Aristide's demand that the entire General Staff leave the country. He thinks it is inconceivable; the General Staff of the Army cannot be asked to step down. He acknowledges that the head of the Army should effect reforms by eliminating the thugs [zenglendos] and drug dealers in the Army.

[Begin recording] ...[Pro-Aristide] presidential commission that cannot understand that the crisis cannot be resolved without negotiating with the Haitian Army that is one of the antagonistic forces in the Haitian crisis, that you must work through it, you must sit down with it, you must negotiate with it to reach the solution of the crisis. [words indistinct] although I will not absolve the Army. I clearly said so to Gen. Cedras.

Personally, I do not understand how a president can straight out request the departure of the entire General Staff of an Army. It is inconceivable. I do not accept either a president declaring he will not agree with the commander unless he accepts the norms. He [the president] is the nominal chief of the Armed Forces, but he never commands it personally.

I also told the general that there are bad people in the Army, that there are people who deserve to be dismissed. The general must be able to assume his responsibilities. If there are zenglendos in the Army, they must leave it. If there are drug dealers in the Army, they must leave it. There must be order, there must be purity in the Army so it can become a true institution in the service of democracy. [end recording]

The deputy says he favors a compromise that will facilitate the cohabitation of Father Aristide and Gen. Cedras. However, the deputy, who sent Gen. Cedras the letter that prompted him to take a new stand and agree to meet with President Aristide, acknowledges that the Aristide-Cedras meeting is political. At the same time, he points out that the 16 June decree voted by the Alliance [for Parliamentary Cohesion] in the parliament is used as a constitutional basis for this meeting. So, the Army has accepted the application of Article 148 of the Constitution, according to the explanations of Deputy Antoine Joseph.

Meanwhile, he asserts that it will be illusory to apply a solution which will be only constitutional because, given the country's situation, any solution will be both political and constitutional, according to what Deputy Joseph said on 27 June during a special program on the Aristide-Cedras meeting.

Diplomatic Sources Speculate on Course of Negotiations

FL2806194493 Port-au-Prince Radio Metropole in French 1800 GMT 28 Jun 93

[Text] The Haitian negotiations that have been going on in New York since 27 June will jam when mediator Dante Caputo tries to discuss concrete measures with the military, according to a diplomatic source close to the negotiations. Dante Caputo, UN/OAS international mediator, met on 27 June for over eight hours with General Raoul Cedras, head of the Haitian Army.

Other sources confirmed the difficulties faced by Caputo, including Gen. Cedras' demand to stay on as Army chief under Father Aristide. The deposed president has always refused this condition. Gen. Cedras has allegedly proposed a long period of transition toward democracy with a role for the Army in training a new Haitian society, according to a second source close to the negotiations. Father Aristide's return from his exile in Washington will allegedly be considered between eight and 10 months after the beginning of the transition period, the same source added.

The military are ridiculing the sanctions imposed last week by the UN Security Council, or are pretending to ridicule them, according to another diplomatic source. To begin the talks at this time was a mistake, according to the same source, adding that the military would undoubtedly be more willing to negotiate in perhaps three to four weeks when the effects of the petroleum, military, and commercial embargo imposed by the United Nations are felt. The negotiations, that are taking place amid strict security measures on Governors Island, will not last beyond tomorrow if the situation does not change, according to the same source.

Police Disperse Pro-Aristide Demonstrators During Mass

FL2806171093 Port-au-Prince Radio Metropole in French 1045 GMT 28 Jun 93

[Text] Several incidents took place on 27 June at the Church of Perpetual Assistance in Bel-Air. According to witnesses, numerous people were arrested by policemen and auxiliary agents, while others were severely mistreated inside the church. At the end of the ceremony, leaflets were distributed and various slogans were chanted by some in the congregation who were demanding the return of the ousted president. Police intervened to disperse the demonstrators.

According to witnesses, gunshots were allegedly still being heard in the Bel-Air neighborhood. Various scenes

of the incident were partially shown by national television which was broadcasting live the religious ceremony.

The HAITIAN PRESS AGENCY [AHP] named several victims. Several people, including some elderly, were manhandled during the police intervention. Ten others, including Nixon Derossier, a member of a people's organization, were arrested after being seriously beaten. Witnesses interviewed by AHP indicated that policemen and civilian police assistants raided the church after the congregation chanted slogans in favor of President Jean-Bertrand Aristide and distributed leaflets and pictures of him. AHP noted that a good part of the military action was broadcasted by Haiti National Television.

AGENCE FRANCE PRESSE [AFP] reports that according to a nun, speaking on Haiti National Television, a man shouting: "President Aristide or death," disrupted the mass celebrated on 27 June at the Church of Perpetual Assistance. According to Sister Mary Paul, who saw the incident, a strongly built man attempted to enter the Church of Perpetual Assistance in Bel-Air but was held back by some of the congregation. The nun asserted that the police intervened to arrest this person without any brutality to him or any other people. She indicated that she had talked to a policeman so that the man, whose identity was not revealed, was not mistreated following his arrest. The incident caused a panic at the time but calm returned and the mass ended without further incident, according to the testimony of this nun, as reported on Haiti National Television.

AFP announced that four people were questioned on 27 June, while they were demonstrating against the authorities in favor of Jean-Bertrand Aristide during the mass celebrated in the Church of Perpetual Assistance. Those people were released, including Nixon Derossier, a leader of a people's organization. The religious service that was held in the Church of Perpetual Assistance in Bel- Air, a slum neighborhood in Port-au-Prince, was disrupted by numerous young demonstrators who distributed leaflets and chanted slogans hostile to the authorities. According to AFP, these actions provoked an intervention by police.

St. Lucia

Japan Funds Fish Industry Modernization

FL2906010393 Bridgetown CANA in English 2007 GMT 28 Jun 93

[Text] Castries, St. Lucia, June 28, CANA—St. Lucia is modernising its fishing industry in the hope of exporting fish to neighbouring Caribbean islands, Prime Minister John Compton said.

Speaking Sunday at the sod-turning ceremony for the construction of a US7 million dollar fish landing base in the rural village of Dennery, Compton said the modernisation programme would receive assistance from the Japanese Government.

"The fishing industry must ...be modernised and play a more important role in our economy," he said.

Compton said St. Lucia was hoping in the future to export fish to St. Marteen, St. Croix and Martinique which, he added, were "always crying out for fish".

Compton said negotiations were underway with the Japanese Government for funding for a similar fishing facility, to be built in Vieux Fort, south of here.

Japan in recent years has chanelled substantial assistance towards the development of fishing in St. Lucia and other eastern Caribbean states.

*** Price of Free Trade Agreement Questioned**

93CA0145A Mexico City EXCELSIOR in Spanish 2 Jun 93 pp 1-A, 12-A

[Commentary by Colegio de Mexico researcher and international relations specialist Lorenzo Meyer: "No Salvation Without the Free Trade Agreement?"]

[Text] One item before getting to the point. In the opinion of columnist Carlos Ramirez, in Mexico "the press and journalism are the only counterweight to the presidential absolutism that is suffocating society." Hence the importance of the Manuel Buendia Journalism Prize having been awarded to Ramirez. Congratulations.

Now, down to brass tacks. According to the leader of PRI [Institutional Revolutionary Party] Fernando Ortiz Arana, with or without the Free Trade Agreement (FTA), Mexico will continue to exist. To judge by the attitude of the government's top echelon, however, it would seem that there is no salvation without the FTA.

The close of this six-year term is being devoted to one issue. The administration of Carlos Salinas is concentrating its energies to an extreme degree on the FTA. To judge by the course of events, any issue other than the FTA is secondary. One example is the president's most recent trip to the United States. Under other circumstances, it would have been surprising if the president and Jose Cordoba, the most important man on his team and the person who is considered to be in charge of the State security apparatus, had traveled to the United States just when the assassination in Guadalajara of Cardinal and Archbishop Juan Jesus Posadas Ocampo posed a most unexpected, dramatic, and disturbing challenge to his administration. As we know, after a brief visit to Guadalajara, President Salinas left for the United States in the company of Cordoba to receive an honorary doctorate and a couple of not particularly important prizes: the "Christian A. Herter" and the "Harmony" awards. Behind him he left a series of far from convincing official explanations of the assassination.

At this juncture, Carlos Salinas is unquestionably the Mexican president who has received the most honors and awards in the United States: doctorates, acknowledgments, designation as the "man of the year," etc. If the president did not feel that it was appropriate to cancel his appointments in Michigan, New York, Boston, and Dallas under the delicate circumstances (owing to their national security implications) that arose on Monday of last week with the assassination of the cardinal (drug traffickers showed that they can attack anyone whenever and wherever they please), then it was surely not because of his fondness for prizes and doctorates but rather because of the pressing need to step up the campaign in the United States for his paramount project: the FTA.

Getting the FTA with the United States approved is today the focus of activities of the Mexican presidency, which in turn is the hub of our political system. So then, formidable energies have been concentrated on obtaining the FTA. The specific objective is to convince the heterogeneous U.S. political class that it is a good idea to formally integrate their southern neighbor into the American economy by arguing that the stability and well-being of Mexico are important to the security of the United States.

Salinas' premise is that if Mexico integrates into an economy 20 times its size, it will finally succeed in overcoming the problem of its inviable production machine. The assumption is that once this is achieved, the resources will be available to tackle the rest of the problems on the national agenda. From this perspective, there is no alternative to the FTA. This is the necessary finishing touch that will bring an era in history to a close. Carlos Salinas and his group will have laid the groundwork for a new stage in the process of Mexican development, a stage in which private domestic and foreign capital (primarily U.S. capital), unfettered as never before, will be the main engine of Mexico's development.

The Canadian Parliament's passage of the FTA last week is an encouraging development for the administration of Carlos Salinas, but not that encouraging since it passed by only a narrow margin: 219 to 213. In any event, what really matters to Mexico is the decision by the United States. But passage of the FTA is not a sure thing there.

The defeat of the Republicans in the United States in 1992 raised a very serious, though not unexpected problem for Salinas' plans. George Bush's departure from the White House has forced the Mexican Government to become more active than it already has been. Such activism is bearing fruit, but not spectacularly, and it has had a cost: the millions of dollars that the Mexican Government has spent on lobbying efforts in the United States, which have prompted adverse reactions. Such reaction has come from, among others, former presidential candidate Ross Perot, a harsh critic of William Clinton and a spearhead of opposition to the FTA, who has used the Mexican Government's spending on lobbying to call on Congress to ban this practice by foreign governments.

In Mexico, where the FTA was passed as soon as the president conceived the project, we must once again examine the conditions that the United States is demanding for its passage. As we know, the new U.S. administration has told the Mexican Government that two complementary agreements must be added to the original text in order for it to accept an accord that its political enemies (George Bush and the Republicans) negotiated. This demand makes it obvious that the FTA is less and less of a simple free trade agreement and more and more of an accord to regulate the basic principles of Mexican economic activity as a condition for securing access to the U.S. market.

If we go by its title, the FTA ought to be a document that sets forth only the basic rules of Mexico's trade with its

neighbors to the north. This has never been the case, because from the outset issues like investment, finance, transportation, services, and intellectual property (the historical forerunners to the FTA are the Bucareli accords and the Morrow-Calles agreement) were included in it. But now, in the wake of Mexico's renegotiation with the administration of William Clinton, the FTA has spread to the areas of Mexican labor legislation and environmental protection. This is apparently part of the price to be paid for Salinas' excessive identification with George Bush's losing 1992 team.

In principle, those in Mexico who are interested in safeguarding both workers' rights and the environment should not object to the complementary accords that Washington is demanding in these two areas. Outside pressure could see to it that the law is finally enforced. Yet the ends should not cause us to lose sight of the dangers entailed in the means. Behind the supposed protection of workers and the environment in Mexico through trilateral commissions (Mexico, the United States, and Canada) that may apply sanctions, lies the U.S. interest in controlling processes that in the not too distant past were regarded as strictly domestic Mexican matters. The concept of sovereignty is doubtless changing. Be that as it may, the sheer asymmetry among the three members of the greater North American Market means that the Americans will have the upper hand...that their hand will grow increasingly strong, and that whoever is in power there will decide what gets done.

Since the last six-year term Mexico's national interest has revolved around economic liberalization and the informal integration of the Mexican economy into the U.S. economy. Now then, at this juncture in the process, the integration of Mexico's economy into the economy of our neighbor is so far along that it is almost irreversible. All indicators so suggest: the volume and percentage of Mexico's trade with the United States, the amount and targeting of U.S. investment in our country, the changes in the constitution to facilitate and lend security to such investment, the growing activity of the assembly plants, the flow of Mexican workers north of the Rio Grande, etc. So, if the main part has already been achieved, why is the government so bent on formalizing our integration (the FTA), no matter what the cost?

The election timetable can begin to provide an answer. Since the government, rightly or wrongly, has already made the FTA the centerpiece of its six-year agenda, it now needs to see the treaty passed before a presidential successor is named. Historically, the process of transferring presidential power has made the Mexican political system at large more vulnerable. If the FTA were to be left hanging or, worse yet, were rejected, the traditionally complicated end of the six-year term would grow unduly complicated, because the president's ability to control the main variables would be weakened.

Moreover, sustaining the massive inflow of dollars that have come into Mexico in recent years depends heavily on maintaining the confidence of foreign investors and speculators. The issues relating to Mexico's market have evolved in such a way that this confidence already depends on the eventual establishment of the bonds that the FTA entails in the political and legal arenas. Without these formal bonds the flow of external capital could dry up and even reverse itself. If this were to happen, the extraordinary excess of imports over exports that we are seeing in Mexico today could not continue. A devaluation would then be inevitable, and inflation would reappear. If this were to happen, the environment in which the 1994 election would be held would be much like the one in 1988, which left such a bad taste in Salinas' mouth.

President Clinton's negotiators are not unaware of the predicament in which the Mexican team finds itself, and they seem determined to make the most of the situation. President Clinton wants the FTA, but on his conditions. It is clear today that the tougher the conditions that Washington imposes on a Mexican team that is almost without options, the stronger the position President Clinton and his people will be in to defend themselves against the inevitable criticisms of Ross Perot and those who, like him, are opposed to the FTA for the sake of the workers' well-being and the environment, two ethically irreproachable issues. Finally, the weaker the arguments of Perot et alii, the greater the chances that the main agreement and the complementary ones will be accepted by a Congress that is deeply concerned, in this period of unemployment, about not giving voters the impression that it is approving an FTA that will benefit big capital at the expense of the workers.

So then, only a clear-cut victory for the Clinton team's position will assure smooth sailing for the FTA through the U.S. Congress. It so happens, though, that just such a development does not square with what we assume to be Mexico's national interest, even given the neoliberal framework that now prevails. If a much expanded FTA that gives the United States a tool with which it can directly control internal Mexican processes is approved, Salinas will have surmounted one of his greatest difficulties, but he will be bequeathing a poisoned gift to his successor. How are we supposed to preserve Mexico's sovereignty (no matter what the neoliberal definition of the concept) if in the years to come not only the bulk of economic variables but also decisions and actions on labor and environmental policy are going to depend on external factors?

These and many other questions that arise from the new situation created by an FTA that is encompassing more and more will have to be answered before it can be accepted.

Belize

CANA Reports on 30 Jun Election Issues

FL2806185093 Bridgetown CANA in English 1716 GMT 28 Jun 93

[By Rickey Singh]

[Text] Bridgetown, Barbados, June 28, CANA—Political analysts are giving Belize's ruling People's United Party (PUP) the edge in Wednesday's [30 June] general election in which 29 parliamentary seats are at stake. The PUP's victory in a by-election last January and its subsequent landslide win in the April local government poll for the Belize City council, have reinforced predictions of a second five-year term for the ruling party.

The more dominant issues in the election campaign have been a mix of "alien bashing," Guatemala-Belize relations, and management of the economy. The more strident, emotional issue in the campaign revolves around allegations that "thousands" of so-called "aliens" of Belize's sizeable community of immigrants and refugees, primarily from its Central American neighbours, have been included on the voters list. The final official voters register, showing some 95,000 eligible electors, was scheduled for publication on Monday, June 28.

A six-member group of non-government organisations has stated that some "spot checking" revealed "some names" of "non-certifiable Belizeans" on the voters list, but they had no evidence of the alleged "massive malpractices." The 1991 census had revealed that approximately 14 per cent of Belize's estimated 200,000 multiracial, multilingual population—with a profile more distinctly Latin than West Indian—comprises "foreign-born persons." This represents an increase of 5.01 per cent over the 1981 level. A just-released report on a Caribbean Rights "Refugee Mission" to Belize, has disclosed that government statisics estimate there may be some 10,000 "refugees" and at least 30,000 other "immigrants" who have been in the country from five to 10 years.

In what is regarded as a "tough and close fight" between the PUP and the recently-strengthened opposition United Democratic Party (UDP), Wednesday's election comes some 15 months earlier than constitutionally due. It is, to quote one of the PUP's leading strategists, foreign affairs and economic development minister, Said Musa, Prime Minister George Price's "big gamble which we are confident will pay off." But the UDP leader, former Prime Minister Manuel Esquivel, believes that with the recent return to the party of former leading dissidents who had formed the National Alliance for Belizean Rights (NABR), Price's PUP could be "prematurely hastening its own defeat."

Among the so-called "returnees" are the UDP's former leader, Dean Lindo and Derek Aikman. A businessman, Aikman had the distinction of defeating Price at the 1984 election. After breaking with the UDP, he was forced to resign from Parliament after being declared bankrupt by the court. A resulting by-election last January in the Belize City Free Town constituency, was won by the PUP. The PUP's subsequent landslide victory at the Belize City Council election, has been interpreted another factor in favour of the optimism of Prime Minister Price for a second term.

There have been some significant developments since the close outcome of the September 1989 general election when the PUP which held power for approximately 30 consecutive years until 1984, returned to office with 15 of the 28 seats.

Perhaps the more politically outstanding issue is the progress achieved in the old, colonially-inherited border dispute between Belize and its neighbour Guatemala. Within two years of his PUP back in power, Price had succeeded, with the help of Belize's ex- colonising power, Britain, in establishing diplomatic relations with Guatemala. The diplomatic ties followed new initiatives to resolve the territorial dispute, and Guatemala's decision on August 15, 1991, to recognise Belize's independence from Britain on September 21, 1981. The creation of diplomatic ties in 1991 came in the same year that Belize joined the Organisation of American States as a full member, with negotiations continuing through a bilateral commission on unresolved issues relating to the territorial dispute.

However, when Price's surprised snap poll coincided with fresh political disturbances in Guatemala in May, leading to the downfall of the government of President Jorge Serrano, Esquivel's UDP, which had opposed the 1991 terms of the Belize-Guatemala Territorial Pact, went on the offensive. The UDP has revived fears of further tension in the Belize-Guatemala territorial dispute, which he feels his party is better equipped to handle than Price's PUP. The PUP has been ridiculing the UDP's claim, as the tempo heats up for election day.

By last week, when it appeared that the PUP was overcoming the onslaught from the UDP on both the "alien registration" and alleged "new Guatemala threat," the UDP opened a new battle front for the election campaign. This time, it decided to exploit Prime Minister Price's refusal to participate in a one-on-one live television debate with Esquivel on a range of issues, including Belize- Guatemala relations and the state of the economy.

There is a disparity of almost 3 percent between what the government has claimed in its in 1990-1994 development plan in terms of real growth in GDP [Gross Domestic Product] for 1992 and that of the "economic performance" analysis by the Caribbean Development Bank [CDB]. The CDB said real GDP grew by 5.03 per cent last year—an increase of 1.02 per cent.

The CDB president, Neville Nicholls, however, told CANA": "Whatever disparity may appear in official reports, it would be true to say that Belize has been

performing consistently well economically over the past five years, starting with the Esquivel administration and continuing with the current administration of Prime Minister Price."

In addition to the politically sensitive issues of Belize-Guatemala relations and the right of certified immigrants to vote, another important factor in Wednesday's poll is the increase in the number of eligible voters by some 12,000. In September 1989 when Esquivel's UDP was expected to win a second term, the electorate was 83,000 strong. The voting electorate was then virtually split down the middle, with the PUP obtaining 50.03 per cent and the UDP 48.9 per cent of the valid votes.

For the June 30 poll, the size of the electorate is 95,000, according to chief elections officer Winston Carr. In a telephone interview, Carr told CANA he was "unaware of any unqualified persons on the electoral register—Belizeans by birth or by certification after five years and more of proven residence, according to the law." He insisted that both the PUP and the UDP were aware of the provisions of the law that would permit persons not born Belizeans to be eligible to vote.

Once the names of eligible electors appear on the register, said Carr, "it means that the registration officers would have complied with the law...." Carr also said the structure and policy of the five-member Elections and Boundaries Commission "remains as independent and careful in its management" of this week's general election as it was in 1989. The Elections and Boundaries Commission, appointed for a five-year period, on which both the PUP and UDP are equally represented with a chairman appointed in consultation with the opposition leader, supervises general elections in the Caricom [Caribbean Community] member state.

Allegations of malpractices in the registration of "aliens" to vote were taken seriously enough by the "consortium of non-government organisations" to officially express their concerns to the elections commission and also to the "refugee office" of the Belize Government. The organisations were quickly assured by Foreign Minister Musa, who is responsible for immigration affairs, that they were free to carry out their own promised independent investigations. He was quite ready, he said, to give whatever support they needed to satisfy themselves that this "alien bashing" exercise was unjustified.

"The PUP, said Musa, "is fully committed to ensuring that the democratic process is observed...." With the campaign in its closing phase, the PUP's Price has been speaking as the prime minister who expects to lead Belize's delegation to next week's 14th Caricom Summit in the Bahamas.

El Salvador

Minister Ponce Says Peace Process 'Irreversible'

PA2906034493 San Salvador Radio Cadena YSU in Spanish 1800 GMT 28 Jun 93

[Interview with Defense Minister Rene Emilio Ponce by unidentified reporters; date, place not given—recorded]

[Text] [Ponce] The stability we gave to the armed institution, to the peace process, and to democracy in our country is not just the doing of those of us who led the institution but the result of a trend the armed institution has maintained since 1979.

This is why I believe the process will continue. We believe the process is irreversible. There has been a serious lack of compliance, like the one that we have discussed a lot lately, the arms caches. Absurd explanations have been made about this.

The institution and we, as patriotic soldiers, are complying so that El Salvador finally secures the peace we want so much.

[Reporter] [words indistinct]

[Ponce] I think that much of what had to be done has been done. We have had a strategic plan for more than five years. We worked on modernization, restructuring, and on the reorganization of the Armed Forces, on turning them into a more respected institution capable of better serving the nation, as the Constitution orders.

[Reporter] [words indistinct]

[Ponce] The Farabundo Marti National Liberation Front [FMLN] always claims [words indistinct] the Armed Forces to confuse the people. I believe the FMLN is mounting smokescreens because of the crisis it is enduring and the political price it is paying nationally and internationally because of the large number of weapons it had not included in the inventory it presented to the United Nations. The FMLN people made a mockery of the most important international organization: the United Nations. The worst thing that can be done is to make a mockery of a people who want peace.

[Reporter] [words indistinct] the peace process?

[Ponce] I think the process has had ups and downs. The most serious infraction has been this one involving the weapons. I think the process will be consolidated [words indistinct]. This depends on the FMLN.

Corado, Zepeda Speak on Candidacy for Defense Minister

PA2906015693 San Salvador Radio Cadena Central in Spanish 1900 GMT 28 Jun 93

[Text] Colonel Humberto Corado Figueroa is among the candidates for defense minister. On 1 July, the appointments to the Armed Forces high command will be

officially reported. But in military circles there is speculation on the candidates for the Armed Forces Joint Chiefs of Staff. Col. Humberto Corado Figueroa said that as a professional soldier he is willing to accept any post within the military structure. Here is what Col. Corado said to our reporter:

[Begin recording] [Unidentified reporter] [words indistinct]?

[Corado] It is undoubtedly a very great challenge; it is a very meaningful commitment to the nation and to the military institution. It is a very important position, although [passage indistinct]. [end recording]

Current Deputy Defense Minister General Juan Orlando Zepeda said that it is still not known if Col. Humberto Corado Figueroa will be the new defense minister because the president has the final say on the matter.

[Begin Zepeda recording] We do not know if he will be the minister, until now [passage indistinct] he has the capacity and the qualities to lead the Armed Forces [words indistinct]. I [words indistinct] wish him the best of luck. [words indistinct] the same way he has the capacity to [words indistinct] there are also many who have the experience and the [words indistinct]. [end recording]

Gen. Juan Orlando Zepeda said that after he retires he will take security measures as he fears he may be a victim of retaliation by groups opposed to the peace process.

Cristiani Speaks on Appointment of Deputy Police Director

PA2506235793 San Salvador Canal Doce Television in Spanish 0300 GMT 25 Jun 93

[Text] President Alfredo Cristiani said on 24 June that the appointment of Captain Oscar Pena as deputy director of National Civilian Police [PNC] does not violate the peace agreements because Pena had requested a discharge in order to apply for the position.

[Begin Cristiani recording] We believe the country, in this situation of crime and violence, requires people with knowledge and experience to hold public security posts and be tasked with fighting crime. It would be no use to appoint a good business administrator, lawyer, or doctor, who could not contribute much to the PNC. [end recording]

Pena's appointment does not violate the peace agreements, as Farabundo Marti National Liberation Front [FMLN] leaders say. According to Cristiani, Pena, who is arranging for his discharge, is one of PNC's best public security professionals.

[Begin Cristiani recording] Of course, the FMLN wants us to appoint one of them to the position, but this is an administrative decision by the PNC director. I understand the government is to appoint the director and he in turn is to appoint the deputy directors. We don't see any trouble at all. [end recording]

The corruption subcommission has not filed a detailed report on its activities but has been studying public bids to detect any irregularities.

[Begin Cristiani recording] We are working on a new baggage and customs law to correct related problems. This law will also serve to handle customs checkpoints in San Salvador. Some modifications regarding transportation have been made. We are trying to transfer everything to the Public Works Ministry so centralization can stop many of the abuses. [end recording]

Finally, he said reports concerning the Lempa River Hydroelectric Commission offices were looked into but nothing illegal was found.

Guatemala

Foreign Ministry States Stand on Belize

PA2906001293 Guatemala City Teleonce Television in Spanish 1800 GMT 28 Jun 93

["Foreign Ministry note" issued in Guatemala City; date not given; read by Foreign Minister Arturo Fajardo Maldonado—live or recorded]

[Text] The Foreign Ministry, after carefully examining and reviewing the state of relations between Guatemala and Belize, declares:

1. The recognition of Belize as an independent state, the establishment of diplomatic relations with that state, the appointment of an ambassador to the Belizean Government, and the approval of the Belizean ambassador to the Guatemalan Government are acts that the Constitutionality Court has ruled do not violate any provision of the political Constitution of the Republic. It therefore finds unacceptable the arguments of unconstitutionality raised against them. The Constitutionality Court ruling, dated 3 November 1992, is firm and remains in effect in the face of [words indistinct] of the state organizations.

2. The abovementioned acts were submitted to the Congress in fulfillment of the ruling handed down by the Constitutionality Court. The Court stated in legislative agreement No. 21-92 that international agreements or conventions that affect the dominion of the nation do not constitute treaties nor do they imply definitive agreements on Guatemala's rights regarding Belize. They, therefore, do not have to be submitted to popular referendum.

3. The government of the Republic, respectful of the political Constitution that establishes the independence of state organizations and the existence of a state of law, of which the security of its juridicial [word indistinct] is a basic principle, must comply with and respect the

Constitutionality Court resolution and the resolution issued by the Congress of the Republic in its exercise of its duties and prerogatives.

4. The government considers counterproductive and harmful to the national interest any lack of respect for acts carried out and decisions adopted. Since they are not unconstitutional, do not violate Guatemala's rights, do not constitute a definitive agreement, and do not affect the country's dominion, not to honor them would only have negative effects on our relations with the international community. It would go against our stated commitments regarding peaceful coexistence with Belize and a search for a solution to the dispute, in keeping with the principles set forth in international law on the peaceful solution of controversies between states.

5. On establishing diplomatic relations with the state of Belize, economic, social, and cultural relations have been developed that favor both states, have a positive effect on the negotiation of a solution to the existing dispute, and promote confidence and rapprochement between our peoples. In this sense, the government will continue to promote the strengthening of such relations and favor the incorporation of Belize into the regional integration process.

6. The government of the Republic commits itself with the Guatemalan people to be open in the negotiations to finding a definitive solution to the existing territorial dispute with Belize. To this end, it will form the Council of Belize [Consejo de Belice], made up of renowned jurists and specialists on the matter, who will make the appropriate recommendations to define the claim, actions, and procedures that must be carried out. It will have the participation and opinions of interested sectors and persons, through a public and open debate to be maintained by the government.

The Foreign Ministry notes that this statement sets out the foundation of the government policy with regard to its relations with Belize and is in keeping with the decision to establish international policy within the constitutional framework and in keeping with international law. Said policy must be at the same time practical and realistic to fit in with the necessities and demands of the new international order.

The government of the Republic considers that we should proceed from the existing conditions with patriotism and in keeping with the Constitution. Negotiations should be initiated to find a solution to the border dispute through a formula that will satisfy the just aspirations of both nations, which in turn will be submitted to the people for their approval.

[First unidentified reporter] [words indistinct] Council of Belize. Will they be [words indistinct]?

[Fajardo] A list of persons will be drawn up, a list of well-known legal experts, persons who are interested in this issue, and of sectors that want to be part of the Council of Belize. This will be carried out with a view that the Council—within the Foreign Ministry—will serve as a foundation for future government actions in the negotiations with Belize. As it stands, the only action carried out by the prior government, approved by the Court and by the Congress, was the recognition of Belize and the establishment of diplomatic relations. No negotiations were carried out, no concessions of any kind were made. No border limits were made, no sea territory limits, no negotiations or conversations related to territory were undertaken. Therefore, we arrived at this decision from the analysis. These are the conclusions we reached and this is the situation that we present to the Guatemalan people, as a foundation for future Guatemalan political actions toward Belize.

[Second unidentified reporter] Does that mean that President Jorge Serrano's government committed treason when it recognized Belize's independence?

[Fajardo] The Constitutional Court has approved that decision. The Court ruling approves the previous government's decision as valid, in keeping with the Constitution. We, as the government under the state of law, accept this ruling. The state branches honor this decision made by the Constitutional Court and the Congress.

[Reporter] The Court was divided on this issue, there was even [words indistinct].

[Fajardo] This is normal procedure within the Court's analysis. Even within the Supreme Court of Justice there were negative or dissenting [razonados] votes. That is, the two justices who did not agree with the Court's ruling cast their dissenting vote. This is valid. Nevertheless, it did not have an effect on the ruling's legality. It is a sentence that is in force.

[Reporter] Would it be convenient for the Attorney General's Office to initiate legal proceedings against [words indistinct] for having granted Belize....

[Fajardo, interrupting] We will not take up that issue. We will start off from the situation we found. If someone feels he has been harmed by this, then he should present the corresponding claim. We as a government will start off from the legal situation we found in initiating the government's future policy toward Belize.

Government Ratifies Recognition of Belize Independence

PA2806191093 Panama City ACAN in Spanish 1840 GMT 28 Jun 93

[Text] Guatemala, 28 Jun (ACAN-EFE)—On 28 June, the new Guatemalan Government ratified the recognition of the independence of Belize, the former British colony, which Guatemalan authorities have been claiming for the past 150 years.

Guatemalan Foreign Minister Arturo Fajardo said at a news conference that the recognition of Belize's independence is based on a favorable resolution issued by the Constitutionality Court and the support given by the Guatemalan Congress.

Belize, which obtained its independence from the UK in 1981, was recognized by the government of the deposed coupist President Jorge Serrano in 1991, for which he was criticized by the country's different political and social sectors.

Last week Foreign Minister Fajardo announced that the relations with the neighboring country would be reviewed and the U.S. Embassy issued a communique in favor of maintaining the official recognition of Belize because it had contributed to the maintenance of peace in the region.

President Reportedly Removes Defense Minister

PA2806165693 Mexico City NOTIMEX in Spanish 1641 GMT 28 Jun 93

[Text] Guatemala City, 28 Jun (NOTIMEX)—Guatemalan President Ramiro De Leon Carpio announced in a news conference on 28 June that he has changed recently appointed Defense Minister Jorge Roberto Perussina Rivera.

New Defense Minister Appointed

PA2806182893 Guatemala City Cadena de Emisoras Unidas in Spanish 1731 GMT 28 Jun 93

[Text] Division General Jorge Roberto Perussina Rivera was removed as defense minister on 28 June only sixteen days after he took office. On orders of the commander general of the military institution, Division General Mario Rene Enriquez is replacing Perussina Rivera. Other key posts in the Guatemalan Army leadership were also changed on 28 June.

In a special ceremony attended by President Ramiro De Leon Carpio on 11 June, Jose Domingo Garcia Samoya, the defense minister who experienced difficult moments during the Jorge Serrano Elias coup, turned over the ministry to Gen. Perussina Rivera.

After a meeting held at 0800 on 28 June in De Leon Carpio's office, Gen. Mario Rene Enriquez, originally from San Pedro Carcha, Alta Verapaz Department, unexpectedly received orders to take office as defense minister, thus ending the briefest term of only 16 days for the previous defense minister. There has been a drastic but expected change in the military leadership only 48 hours before the (?122th) anniversary of the Army. Other changes have been announced in other posts.

Carlos Eduardo Santizo Franco, commander of the Honor Guard Brigade, has been appointed inspector general of the Army. Gen. Marco Antonio Gonzalez Taracena was appointed deputy chief of the General Staff of National Defense, and Gen. Jose Luis Quilo Ayuso was appointed chief of the general staff of National Defense. Gen. Julio Fidencio Otzoy Colaj continues as deputy defense minister.

President Ramiro De Leon Carpio announced the already expected changes in the military structure.

New Defense Minister Comments

PA2806232493 Guatemala City Teleonce Television in Spanish 1800 GMT 28 Jun 93

[Interview with Defense Minister Mario Rene Enriquez Morales by unidentified reporter; date and place not given—recorded]

[Text] [Reporter] Why do you think you were appointed national defense minister?

[Enriquez] What is the question?

[Reporter] Why were you all of a sudden appointed national defense minister?

[Enriquez] I do not think it was sudden. This is a change that the president had to analyze. He then decided that it was suitable and made the change.

[Reporter] What will be the Army policy on the guerrillas?

[Enriquez] Army policies are drafted by the Army's commander in chief. In this case the commander in chief is Ramiro De Leon Carpio.

[Reporter] [words indistinct]

[Enriquez] I believe the constitutional president has plans. He has dedicated a lot of time to this issue during the brief period he has been president. One issue to which he has dedicated much time is peace, the signing of a peace agreement.

[Reporter] [words indistinct]

[Enriquez] You know that every 30 June some changes are made in the Army, some transfers. Always.

[Reporter] Is the Army prepared to eliminate the civilian patrols as part of the peace negotiations?

[Enriquez] The patrols, or the Volunteer Civil Defense Committees, have been discussed at length with the rebels. We agreed that the government would not create any additional Civil Defense Committees as long as there is no reason to do so. We believe, however, that as long as there is subversion these patrols will exist because that is the only way the people have to defend their communities and their villages. I know that ideological propaganda may be launched against them.

[Reporter] [words indistinct]

[Enriquez] Of course. I believe that once the internal strife ends, as soon as there is no insurgency, the counterinsurgency struggle will end immediately. Of course.

[Reporter] Do you agree with reducing the Army's size?

[Enriquez] That is a rather difficult question. The decision to reduce the Army has to be made by the Army High Command. Many factors will determine this decision. It cannot be made as a result of a whim. We could reduce the Army to make it smaller than the Salvadoran or the Honduran Army or than that of any other country to make our Army as small as possible. But as long as a threat exists and people die it is difficult to think about reductions.

[Reporter] [words indistinct] taking into consideration that these changes are a result of Army modernization?

[Enriquez] The president is right. Everything is subject to change. Look at what has happened from 1989 through now as far as evolution, modernization go. From an international point of view, the changes have been huge, and Guatemala is no exception. We are a small country but we have a grand heart and this is internationally known. Let's hope that we can take positive advantage of the changes taking place in the world.

[Reporter] How do you see the purge in the Army?

[Enriquez] You have seen an Army purge?

[Reporter] It has occurred in some military sectors. In the interior [words indistinct].

[Enriquez] And what about reductions in other groups?

[Reporter] What about the Army reduction?

[Enriquez] The Guatemalan Army purges itself, because every time someone is involved in a crime that person is, first, sent to court. If a court does not punish him, then the Army discharges him. Records show this to be true.

[Reporter] [words indistinct]

[Enriquez] I do not have the exact information but I know that during the brief time [name indistinct] was in the ministry and I was deputy commander of the Army staff, there were 58 officers, 246 specialists, and 1,600 soldiers.

[Reporter] When the previous minister was appointed, you were not chosen [words indistinct] for the Defense Ministry. There was a last-minute change.

[Enriquez] Young lady, I do not know about that. I do not know who surreptitiously spread that report. I could have been fooled. The media asked me then if I wanted to hold a news conference and I said no. I hope that Guatemalans now develop some trust. Now we have a president who we think will act honestly, someone who has defended human rights at all cost. Let us all make an effort to start believing, to start trusting in Guatemala and Guatemalans. I hope we do.

* Commentary on $2.1078 Billion Foreign Debt

93CA0136A Guatemala City SIGLO VEINTIUNO in Spanish 6 May 93 p 5

[Report by Juan Carlos Ruiz Calderon; first paragraph is SIGLO VEINTIUNO introduction]

[Text] Few Guatemalans have access to information about the true status of the nation's foreign debt. The changes in this debt over the course of time go unnoticed by the majority, who do not even imagine it can help or hurt them so much. Below, SIGLO VEINTIUNO presents the status of Guatemala's foreign debt as of 31 December 1992, and its possible changes as a result of negotiations that Guatemala may conduct about this debt.

According to information provided by the Ministry of Public Finance, the nation's total debt is $2.10782 billion.

This is divided into Finance Ministry debt, Bank of Guatemala debt, and debt incurred by the rest of the public sector.

The first of these, Finance Ministry debt, amounts to $834.49 million; the Bank of Guatemala debt is $610.21 million; and the rest of the government owes $663.12 million to different organizations.

The total debt may be and is also divided by source. Thus, Guatemala's bilateral debt, that is, resources provided by various governments as loans, comes to $905.51 million.

The multilateral debt, contracted by the Government of Guatemala with different international credit organizations like the IDB [Inter-American Development Bank], the IMF, the World Bank, and others, comes to $1.01196 billion.

Guatemala has obligations of $19.93 million to commercial banks and $170.42 million more in other commercial loans.

For 1993, the Government of Guatemala has scheduled a series of foreign debt service payments.

According to the Finance Ministry schedule, they plan to amortize $232.97 million; $104.23 in interest; and $1.69 million on commission fees, making a total of $338.89. These projections may change, though, depending on what Guatemala is able to negotiate with the Club of Paris.

After these negotiations, Guatemala may be able to renegotiate bilaterally a total of $404.18 million of its debt.

This is divided as follows: debt to Canada, $10.34 million; to France, $38.64 million; to Germany, $16.05 million; and to Spain, $339.15 million.

Taking into account the results of these negotiations, since no payments of loans subject to restructuring will be made until the bilateral negotiations have been concluded, the foreign debt service payments to be made this year will be the following:

Foreign Debt Payments in 1993	
Amortizations	$217.23million
Interest	$101.04million
Commissions	$ 1.69million
Total	$318.27million

In the meantime, according to Bank of Guatemala data, the nation's total exports to the rest of Central America during 1992 were $395,376,200, with imports of $239,663,400, leaving Guatemala with a positive trade balance of $155,712,800.

Something else that may change the amount of Guatemala's foreign debt and its payments due is the Initiative for the Americas proposed by former U.S. President George Bush.

This program provides added support for debt reduction and debt service payments in Latin America and the Caribbean, for the purpose of providing more incentives for investment reform and a more flexible foundation for growth.

To be able to participate in this program, Guatemala must propose legislation permitting a substantial reduction and a restructuring of U.S. concessional loans.

The United States will act on a case-by-case basis toward countries that adopt strict economic reform programs in coordination with the International Monetary Fund and the World Bank, or which set up debt reduction programs with commercial banks.

Taking part in this U.S. initiative seems positive at first glance, since it reduces both the debt balance and the service payments.

The impact may amount to a reduction of the bilateral debt owed to the United States of between 30 and 50 percent, depending on the limits set by the U.S. Government.

According to the Ministry of Finance, before Guatemala can take part in this program, it must meet some preconditions.

After the agreement with the IMF and the negotiations with the Club of Paris, Guatemala will be able to submit a formal application to take part in the initiative, it was said.

The Initiative for the Americas could have a fairly considerable impact on the national economy, according to Ministry of the Treasury statistics.

According to these data, there is a balance in the PL-480 program of $131.50 million. Combined with the balance of Agency for International Development [AID] loans, $173.20 million, this gives us a total of $304.70 million.

From this should be deducted an estimated 30 percent debt reduction, or $91.41 million, leaving Guatemala's new debt balance at $213.29 million.

* Cotton, Coffee Sectors in Crisis Situation

93CA0136B Guatemala City EL GRAFICO in Spanish 3 May 93 p 7

[Article by Ramon Hernandez S.]

[Text] The chair of the Congressional Economic Committee, Centrist Deputy Leonel Brolo Campos, indicated that Guatemala's cotton sector is experiencing a crisis that could cause massive unemployment in a few months if the government does nothing to help this major production sector.

Leonel Brolo Campos said the situation in the cotton industry is so serious that while 725,000 bales of cotton were once produced for export, today production is only a little over 89,000 bales. This is a considerable decline that will trigger widespread unemployment.

"In the opinion of well-known cotton growers, Guatemala, a cotton-producing country, faces a future of importing this product in the short term, since international policies affect exports and nothing is being done to protect this sector that contributes to the nation's economy," said Leonel Brolo Campos.

The chair of the Economic Committee added that the cotton crisis is seriously hurting the national economy because of the unemployment it is producing. Meetings are now being held with Serrano administration officials to seek ways to help cotton growers and to keep the crisis from hurting thousands of campesinos with no other source of work.

Coffee Bonds To Alleviate That Crisis

Brolo Campos said the coffee bonds that were created after Congress approved the reforms will help to alleviate the crisis in the coffee sector, which is a source of foreign currency and a major employer of labor.

He explained that it must never be forgotten that coffee brings in 20 percent of Guatemala's total foreign currency, so approving the bond reforms will help thousands of campesinos who work on coffee plantations and have been worried about losing their jobs.

Small Coffee Growers Exploited

Centrist Deputy Julio Diaz Chay said that the problem of the drop in coffee prices is seriously hurting a large sector of Guatemala's population, especially in cooperatives and small campesino communities in the southwest

where, in many cases, the daily food supply consists of a tortilla and water, as there is no money to buy other foods.

"The reason for this impoverishment of campesinos and small growers is because the people who control coffee negotiations imposed a number of conditions and did not want to purchase the coffee harvest when they should have. In addition, fertilizers and other supplies have become more expensive, leading us to debt levels never seen before," said Julio Diaz Chay.

As in the case of the Solola growers, said Diaz Chay, the problem is that the big landowners or coffee growers have been unwilling to help improve the highways and roads they use for their commercial activities.

The opposition parliamentarian emphasized that he hopes the coffee bonds that are now in effect will help small growers who are going through hard times.

Finally, said Julio Diaz Chay, Congress will be watching carefully to see whether or not the $75 million in coffee bonds will help small producers; if not, the major coffee growers will have demonstrated that they deceived the highest state organization to get it to approve bonds that will help only a few people.

* U.S. Cotton Subsidies, Dumping Hit by CNA

93CA0136C Guatemala City SIGLO VEINTIUNO in Spanish 17 Apr 93 p 5

[Text] Roberto Martinez Recinos, president of the National Cotton Council, said that the cultivation of cotton is on the verge of disappearing from Guatemala due to the fall in international prices, but most of all because of unfair competition from the United States.

For cotton cultivation and exports, the United States grants a subsidy of $15 per gold quintal to U.S. farmers, or $75 per bale. At that price the crop would be profitable in Guatemala, but in addition, they export cotton to Guatemala below the New York Stock Exchange price. This constitutes dumping, and Guatemalan cotton growers cannot face that competition, he added.

To solve this problem the National Cotton Council has proposed some solutions to the government, working through the economic cabinet. The proposals do not include a subsidy for Guatemala's farmers, the president said.

"We understand that Guatemala is a poor country with many social problems, so the solutions we proposed focus on applying the Central American Tariff Agreement, not to protect but to defend this crop temporarily while the crisis lasts. But the economic cabinet did not really comprehend the problem and so did not heed the council's petitions to save cotton in Guatemala," said Martinez Recinos.

"It must be understood that, just as the United States subsidizes its cotton crop, Mexico has now established a substantial subsidy for each hectare planted in cotton there. Almost all the countries of the world have cotton subsidies, with the exception of Guatemala and one other country. We repeat that at no time did we ask for a subsidy; we simply want them to understand the problem and heed our petitions," he said in closing.

* Agricultural Crisis Ascribed to Government

93CA0136D Guatemala City EL GRAFICO (NUESTRA TIERRA SUPPLEMENT) in Spanish 20 Apr 93 p 3

[Text] Agriculture is in a state of crisis. A large part of its deterioration is the fault of the government, including the legislature, where specific actions needed to help agriculture get through the crisis could not be taken, Luis Alberto Reyes Mayen, president of the Chamber of Agriculture, said in a recent press conference.

He added that the crisis is widespread and affects almost all products, but especially hard hit are farmers whose products are intended for export.

Depressed Export Prices

The prices of export products are lowered artificially through manipulative practices in the international market. This is caused by wheeling and dealing in the economically more developed countries, which use all sorts of mechanisms and unfair trade practices. Prices are so depressed that in many cases they do not cover production costs, he added.

Among these practices are subsidies which are technically known as dumping. This is a subsidy that governments give to their domestic producers so they can place their products in foreign markets at very competitive prices, at prices below production costs.

The most conspicuous case of unfair trade involves cotton. The cultivation of this crop, which has played a major role in Guatemala's economy by generating significant amounts of foreign currency and also creating jobs, is now on the verge of extinction in Guatemala.

Most of the cotton companies have moved away from the crop in recent years, especially last year and into 1993. The only companies still remaining are those that are vertically integrated and use cotton as a raw material for some industrial process.

Consequently, only two such companies are still left here; the others have left the market and Guatemala has started to import cotton.

The fact that Guatemala is not producing cotton has a very special connotation, since that product not only supplied fiber for local industry but also generated food for livestock and cottonseed for oil.

The drop in cotton production is caused, he said, by unfair trade practices, in this case, on the part of the United States.

The Case of Coffee

Some other products like coffee are also being manipulated by the purchasing countries, which have always rejected any possibility of agreements enabling the coffee producing countries to get prices that at least cover their production costs.

Sugar Problem Is Pathetic

The sugar situation is also pathetic. Most sugar production is subsidized in the country of origin. The European Economic Community, for example, which produces sugar from beets, provides substantial subsidies, making it impossible for our sugar to enter the EEC market, he said.

Not only does it affect access to that market, but they also export their subsidized products to other markets where Guatemala should be exporting its production, and cannot do so because of the extensive subsidy the European producers receive from their governments.

Furthermore, ever since President Jorge Serrano Elias took office in 1991, a number of economic practices have been introduced that have given the *coup de grace* to the collapse of agriculture.

Tax mechanisms have been established that hurt agricultural producers, especially paying a tax on account for the income tax and other modifications and changes adopted last year. Monetary, exchange, and credit policies have created financial problems for companies, causing them to lose whatever competitive capacity they still had left, despite unfair international trade practices.

For the first time in the nation's modern history, interest rates rose to over 30 percent at the end of 1991 and in early 1992. At the present time, despite statements from economic officials that the cost of money would be lowered, its cost, that is, interest rates, now stand at about 27 percent.

It is totally illogical for the cost of capital for activities like agriculture to be at such a level. It is impossible to pay such rates. No crop could cover the cost of paying that much for capital.

Agricultural investments require significant inputs of capital, which makes it difficult for businessmen to have the volume of capital necessary to maintain and revitalize their companies.

Farmers also have to cope with an exchange policy which has resulted in an open incentive for imports. Last year's balance of trade gives clear and mathematical evidence of this. In Guatemala imports have been promoted while exports have declined. This has happened because of a mechanism in the foreign currency market that is manipulated and distorted by Central Bank officials.

So many companies have failed and have stopped producing; significant numbers of farms are for sale right now, which gives evidence of the completely deteriorated financial state of agricultural enterprises.

Because of the structure of agriculture, it is not easy for farmers to enter or leave the market. It is not easy for a coffee grower for example, to quickly shut down his operation. It is not like a commercial or industrial activity which, if it is not working or is not making a profit, can simply shut down and move on to some other activity.

That is not possible. It is not feasible in agricultural and livestock production, and the result is that even when operating at a loss, they still have to keep going. Many farms have large numbers of workers living on the farm. That makes it impossible to tell them that the farm is not going to keep operating.

Cultivation has been drastically reduced, so the situation has changed significantly. It is sad to see coffee plantations abandoned in extensive parts of the country.

Agricultural enterprises, Reyes Mayen repeated, do not leave the market easily, and the bankruptcy process is slow. That is why agricultural enterprises have not yet failed on a huge scale, but we think that in the immediate future this conjunction of factors will produce massive bankruptcies.

The results of this deterioration and of the potential bankruptcies are going to have an impact on generating foreign currency, on taxes, on the level of general well-being of the Guatemalan people; most of all, they will have an impact on jobs, for everyone knows that it is agriculture that creates the most jobs. Consequently, it is the most disadvantaged Guatemalans who are suffering most from the agricultural crisis.

Investing in agricultural activities has come to seem totally absurd, for these activities are penalized by the economic system which the present government has implemented, said Reyes Mayen in closing.

* New Oil Well Produces 1,500 Barrels Daily

93CA0136E Guatemala City PRENSA LIBRE in Spanish 14 Apr 93 p 3

[Excerpt] The BASIC Company has discovered a new oil well in the Actun region in northern Peten. It is producing 1,500 barrels of crude a day, the minister of energy and mines, Cesar Augusto Fernandez Fernandez, reported yesterday.

He said that the exploration and drilling are being done by a number of international firms, and large quantities of petroleum are being produced. [passage omitted]

* Tourism Earnings Increase in 1992, 1993

93CA0136F Guatemala City EL DIARIO DE CENTRO AMERICA (EL TUCAN SUPPLEMENT) in Spanish 12 May 93 p 7

[Text] The year 1992 was a good one in terms of the number of tourists visiting Guatemala. We had 541,025 foreign visitors, a 5.54 percent increase over 1992. The final amount reported for foreign currency revenues was $243.2 million, a figure which moved tourism to first place nationally.

The previous peak in tourists, 55,519 in July, was exceeded at the end of 1992 with the arrival of 58,736 tourists in December, a record in Guatemala's history.

The largest number of tourists came from the United States, whose overall increase was 18.65 percent in relation to the preceding year. Other significant numbers came from Spain (an increase of 29.27 percent), and Europe in general, up 12.98 percent.

In addition, the Holy Week period saw a substantial increase in tourism to Guatemala, with an upturn of 52.7 percent over 1992, since 28,174 tourists came then (9,727 additional visitors).

The most significant increase entered by land, a route used by 19,546 tourists. This phenomenon was greatly favored by the open border policy that the presidents of Guatemala, El Salvador, and Honduras recently signed. This agreement facilitates temporary entry and customs payments.

More Hondurans visited our country during this time, with an increase of 590.6 percent, placing them first on the list of visitors, followed by Salvadorans and U.S. citizens.

As of March of this year, a total of 152,290 tourists had entered Guatemala. This is an increase of 17.83 percent compared with the same period of 1992.

Honduras

Agreement Reached With Nicaragua To Fight Crime

PA2806185893 Tegucigalpa EL HERALDO in Spanish 28 Jun 93 p 2

[Text] Danli, El Paraiso—Honduran and Nicaraguan military and police commanders agreed on joint measures to fight contraband, crime, and rustling at the border .

Under strict security measures, Colonel Guillermo Antonio Linares, commander of the Armed Forces 110th Infantry Brigade; and Lieutenant Col. Pedro Antonio Agurcia, chief of the 1st Military Region of the Sandinist People's Army, EPS, presided over talks between their respective delegations held recently in the city of Esteli in northern Nicaragua.

After a long meeting, the military commanders at the border region reached the following agreements:

1. Cattle will be transferred between 0600 and 1700.

2. Both armies will patrol blind spots [puntos ciegos] at the border to prevent rustling.

3. Constant communication will be maintained between the police and Armies to coordinate actions and prevent problems at the border.

4. A bilateral agreement on border security will be promoted.

Col. Linares said the Armed Forces are interested in eradicating contraband, crime, and rustling and adequately protecting honest citizens who live in the border area.

The Honduran military and political delegation was made up of Lt. Col. Manuel de Jesus Luna, Lt. Col. Jose Neftaly Lara, commanders of the 9th Infantry Battalion and 3d Artillery Battalion, respectively; as well as Lt. Col. Jorge Alberto Arguello and Lt. Col. Aquiles Antunez, personnel and intelligence chiefs at the 110th Infantry Brigade in the eastern region.

The Public Security Forces were represented by Lt. Col. Julio Cesar Funez, chief of the 1st regional Command; and officers Gustavo Adolfo Fajardo of the Department of National Investigation; Daniel Lopez of the Treasury Police; and Sergeant Jose Dagoberto Rodriguez of the Traffic Department.

The meeting took place due to an increase of crime at the border area and requests for additional protection by residents in the area.

Nicaragua

Sandinist March Marks Victory Over Somoza Dictatorship

PA2806191793 Managua BARRICADA in Spanish 27 Jun 93 pp 1, 12

[Report by Roberto Larios]

[Text] Thousands of residents from the Ariel Arce, Reparto Schick, Colonia Nicarao, Augusto C. Sandino, and other neighborhoods near the Roberto Huembes Market took to the streets to greet more than 5,000 Managua residents, who on 26 June commemorated the anniversary of the Masaya Retreat. The marchers took to the streets at 1700 and marched along the route that the Sandinist National Liberation Front [FSLN] combatants followed 14 years ago, prior to dealing the final blow to the Somoza dictatorship on 19 July 1979.

Daniel Ortega, FSLN secretary general, who presided over the march with the leaders of Managua's Sandinist

Departmental Committee, called on the people of Nicaragua, particularly National Opposition Union sympathizers, "to join in this struggle to end the government's economic policies that are sinking the country."

A minor incident occurred when the marchers passed by the Spanish Embassy in Las Colinas. A group of marchers stopped in front of the diplomatic mission and set a dummy representing Government Minister Afredo Mendieta on fire. It was covered by the Spanish flag, which was also burned.

The demonstrators displayed a big banner of the Movement for the Recovery of Dignity and National Sovereignty. At the same time, Sandinist combatants of the liberation war detonated homemade mortars and bombs.

Despite the fact that the National Police deployed two patrols to protect the Embassy, there was no incident with police officers.

In a speech prior to the march, Commander Ortega recalled the historic retreat, comparing that situation with the current situation facing the Sandinist Front.

The FSLN lost the elections, but today, like 14 years ago, it still maintains the moral and dignity that "those who have imposed hunger and unemployment on the people" are trying to take away, Ortega asserted.

Ortega criticized the government's economic policies, defining them as "everything for the minority; nothing for the majority." He criticized especially the ministers of health and education, who, according to the FSLN leader, have stated during the national dialogue that "health and education have improved. [no closing quotation marks as published]

"We are for stability, but not with hungry and unemployed people, people who were deceived by those who during their electoral campaign promised them heaven and earth," he expressed.

In his speech, Daniel referred to the events that occurred the week of 20 June at the San Antonio Sugar Mill and the banana plantations of Ramiro Guardia, president of the Higher Council of Private Enterprise, where the owners hired a security company to repress the workers' strikes.

"The bad thing is not the existence of this kind of company, but that they let themselves be used to repress and threaten workers during a labor conflict, which is manifested by the dismissal of 500 workers," among them the union directors of the San Antonio Sugar Mill, Ortega explained.

The FSLN leader urged the owners of security companies—some of whom are Armed Forces military officers—"to learn the reason they are hired."

It is important that they realize "that they are being used; you should not sell yourselves to the highest bidder," Ortega concluded.

* Problems Implementing Job Programs Explained

93CA0137A Managua BARRICADA in Spanish 24 May 93 pp 1, 12

[Interview with Jaime Icabalceta by David Gutierrez Lopez in Altimira; date not given]

[Text] Almost all of us Nicaraguans (more than 4 million) are living in poverty or destitution, according to a stark, shocking study that the Emergency Social Investment Fund (FISE) conducted in the country's 143 municipalities.

Fifteen percent of the country's population, living in 39 municipalities, is suffering extreme poverty (destitution), while 52 percent of the population in 95 municipalities is experiencing severe poverty, and 33 percent in nine municipalities is experiencing average and lesser degrees of poverty, according to the FISE classification, which is shown in the map of Nicaragua below.

The residents of Jinotega, Matagalpa, part of Nueva Segovia, Atlantico Sur, Chontales, and Rio San Juan are classified as living in areas of extreme poverty. Atlantico Norte, Chinandega, Leon, Boaco, Madriz, and Rivas are regarded as zones of severe poverty, while Managua, Esteli, and Masaya are described as areas of average or lesser poverty.

The president of FISE, Jaime Icabalceta, an engineer, admitted in an interview with BARRICADA that the situation is serious and reported that $70 million would be invested over the next three years in infrastructure and social welfare projects.

This year $25 million will be invested in hopes of creating 62,000 direct and indirect jobs in the construction of schools, health care posts, rain sewers, rural roads, and curbs, street paving, reforestation programs, and erosion control projects.

Most of the FISE funds are from donations from the International Development Agency (AID), COSUDE, the United Nations Development Program (UNDP), agencies in Germany and Canada, and loans from the World Bank and the Inter-American Development Bank.

In a small office inside a prefabricated house beside of the Tiscapa Clinic in Altamira, the FISE president and former minister of construction and transportation answered BARRICADA's questions.

[Lopez] One of the criticisms of FISE is that it does not hire local workers for the projects that it undertakes. Why is this so?

[Icabalceta] There has been this criticism; sometimes it is justified and other times not. I am being frank with

Income Distribution

The map shows the various regions of the country in which destitution and poverty predominate. The shadings show how the problem is gradually spreading throughout the nation.

Key:-1. Presidency of the Republic of Nicaragua-2. Extreme poverty-3. Severe poverty-4. Average and lesser poverty-5. Population-6. Municipalities

you. For example, all AID funds have to be put up for bids; so, what has been done to prevent contractors from elsewhere from coming in is to divide up the work by zones. For example, in Leon and Chinandega only contractors from there are involved, but at times there are no contractors who can do the work in those municipalities.

We are making a change. For projects costing less than $25,000, the mayor has to recommend and appoint the subcontractor, and he too signs the contract and is responsible for overseeing the project.

[Lopez] Some Sandinist and UNO [National Opposition Union] mayor's offices are charging that there is discrimination in the assignment of projects. What is going on?

[Icabalceta] FISE had problems last year because we did not have the cash for the outlays that were programmed, so the projects practically came to a standstill. But you have already seen the schedule of visits that we have this year. We are accommodating the FISE promoters on an equal basis so that people know that their most deeply felt needs are being taken into account.

There are those who want the projects on a more urgent basis, giving priority to everything.... There is no discrimination because the funds have been allocated.

[Lopez] But have they been allocated and disbursed?

[Icabalceta] They have been allocated for disbursement. It is as if each municipality had one account to spend, and we are also turning to the community to carry out these programs.

The criticism is valid, but we are correcting these faults.

[Lopez] Why are you waiting until winter to begin the infrastructure projects. Could it be because of delays in the disbursement of funds?

[Icabalceta] Well, unfortunately the funds could not be raised in February and March. But there is another reason: the problem is bringing the materials in. The community has helped bring them in on mules; schools

have been built in unbelievable places with the help of the community. The contractors have to find a way to build these projects.

[Lopez] Is the assignment of projects reviewed with the donors?

[Icabalceta] Yes, there are donors who have a preference for certain areas, and they visit the communities, discuss the projects they want with the people, and the funds are allocated with the approval of the donor.

[Lopez] How do the donors follow up on the management of these funds?

[Icabalceta] Well, there are audits here constantly. AID, for example, sends its auditors here to check on how the funds are being spent.

Report on Economic Situation in Cuba

PA2806202093 Managua Radio Corporacion in Spanish 1030 GMT 28 Jun 93

[Text] Luis Manuel Mora Sanchez, Radio Corporacion reporter, who has just returned from Havana, says people in Cuba are not only eating cats, but dogs and horses as well. The poverty situation in Cuba is reaching incredible levels. There are rumors in Cuba that Fidel has cancer. Luis Manuel Mora Sanchez, one of the directors of this Radio Corporacion newscast, gives us an impressive account of the increasingly depressing situation in Cuba. Let us listen.

[Begin Mora recording] The poverty situation in Cuba has greatly impressed us. I would dare to say there is no poverty in Nicaragua compared to the poverty in that country. It is difficult to describe how we felt when we saw how young girls, 16, 17, 18, or 19, were looking for tourists to sell themselves for food. They are not prostitutes. I am talking about young girls hanging around tourist hotels to beg for chewing gum, cigarettes, or simply to be invited out to eat. When one asks them what they want in return, they answer: We do not want money, we want you to invite us out or at least invite us out to eat.

I had the opportunity to visit an apartment building, where the situation is terrible. There is no water, electricity is rationed, there is no toothpaste, there is no soap, and of course no shampoo. Food is extremely expensive. Each person in a family gets five eggs per month, which is consumed in a single omelet, as we say. I also had the opportunity to speak to a man standing by the seawall. I asked him how much he earned and he said 140 Cuban pesos per month, which is the equivalent of $140, but one chicken costs $150 in the black market. A worker's salary is the equivalent of a chicken per month. People are dying of hunger. I asked a person I met if it was true people ate cats in Cuba and he said: Some people are not only eating cats, they are also eating dogs. [end recording]

Panama

Endara Threatens To Veto Electoral Reform Bill

PA2806170193 Panama City LA PRENSA in Spanish 28 Jun 93 p 1A

[Report by Ibeth Vega G.]

[Text] President Guillermo Endara on 27 June announced that he will partially veto the electoral code reform draft bill if the change made on the concept of restricted residence [residencia restringida] is maintained, because it creates "exemptions and privileges."

Regarding this issue, legislative sources said that with this warning the president is seeking to "protect" some of his fellow party members who wish to run for office in electoral districts in which they have never lived.

In a press communique, Endara indicated that "the concept of restricted residence and the privilege that legislators have granted themselves by approving modifications to Article 4 of the Electoral Code will be vetoed if such provisions are included in the final text of the draft bill when it is submitted to the Executive."

The concept of restricted residence force candidates to reside permanently in the electoral districts in which they are elected.

According to Endara, the restricted scope of residence that has been approved "unjustly" eliminates from the elections a large number of citizens who may have a legitimate interest and who may provide an effective service to their communities, but who have been forced to move from their hometowns for professional, political, or health reasons.

Legislative sources asserted that Endara's real interest is "protecting" the aspirations of various of his fellow party members and friends who wish to run for office in electoral districts in the interior in which they have never lived. These individuals claim a link to electoral districts in the interior due to the sole fact that they were born there.

For instance, Legislator Guillermo Cochez stated, "we have" the cases of Alfredo Arias, Joaquin Franco, Marcos Alarcon, Francisco Denis Duran, Francisco Artola, and others, who wish to run in electoral districts in the interior because they think that they have greater chances of winning there.

Legislative sources told LA PRENSA that the position of the president puts the poor candidates from the interior at a disadvantage. They are forced to compete with fewer economic resources in an electoral campaign with rich candidates from the capital, who have not established ties with the community.

Meanwhile, Endara rejected the fact that the restricted scope of residence not be applied to the current legislators who "placed themselves in an advantageous position regarding other possible candidates, because they will not have to prove their residence."

"Consequently, the president of the Republic will be forced to veto the aforesaid provisions because of their unconstitutional and inconvenient character, should they be included in the electoral code reform draft bill when it is submitted to the Executive," Endara warned in a Presidency communique.

Nonetheless, one of the sources stated there is consensus in the intention to reform this article, but the restricted residence clause will be maintained.

The announcement by Endara came at a time the Legislative Assembly was "fighting the clock" in the debates on the reforms to the Electoral Code to hold the first democratic elections after two decades of de facto regimes, which were terminated by U.S. troops in December 1989.

The Legislative Assembly will conclude its ordinary period of sessions on 30 June and the reforms to the Electoral Code should be approved by that date.

Society of Jesus Voices Opposition to New U.S. Ambassador

PA2806172893 Panama City LA ESTRELLA DE PANAMA in Spanish 28 Jun 93 p 1A

[Article by Euclides M. Corro R.]

[Text] Father Eduardo Valdes, spokesman in Panama for the Central American Provincial Superior of the Society of Jesus, on 27 June voiced opposition to the appointment of William Walker as new U.S. ambassador in Panama. Valdes accused Walker of hindering the investigations related to the death of a group of Jesuits in El Salvador on 16 November 1989.

In a communique, the Jesuit priest Valdes told the Government and people of Panama that he does not think William Walker "is the right person to become ambassador, given the current circumstances of our country."

Referring to the murders of six Jesuit priests and their maid in El Salvador, Eduardo Valdes said that William Walker was the U.S. ambassador at the time in that Central American nation.

"The Society of Jesus denounced in due time the complicity of the U.S. Embassy in this case by hiding evidence, obstructing the investigations, and exerting pressure on the judges in order to halt the investigations and other similar actions," the spokesman in Panama for the Central American Provincial Superior of the Society of Jesus pointed out in a communique.

The Panamanian Foreign Ministry recently announced unofficially that William Walker will replace Ambassador Deane Hinton, who will retire in July.

Walker, who has been a diplomat for many years, has had problems in several Latin American countries, therefore, his appointment in Panama has created tension and speculation.

Former Officer Linked to Terrorist Attack Arrested

PA2806200393 Panama City Telemetro Television Network in Spanish 1730 GMT 28 Jun 93

[Report by Wilfredo Justivino]

[Text] Chiriqui Province police authorities have confirmed the arrest of a former soldier implicated in an attempt to overthrow President Endara.

A bulletin issued by the Chiriqui police confirmed our previous reports on the arrest of former Captain Mario Ramos Ocana in Rio Sereno, Renacimiento District on 27 June at approximately 1330. Ramos Ocana was immediately transferred to the Attorney General's Office.

Ramos Ocana is linked to the 4 and 5 December 1990 incidents and the terrorist attack against the site of the Arnulfista Party Convention in Boquete in April 1993.

Police and national security members arrested former Capt. Ramos Ocana while he was in a telephone booth. According to reports, he has been in exile in Guatemala since December 1990.

He will be interrogated by the district attorney in the next few hours in the city of David, where investigations on the terrorist attack in Boquete are taking place.

Argentina

Menem Says Relations With U.S. 'Excellent'

PY2806195193 Buenos Aires TELAM in Spanish 1713 GMT 28 Jun 93

[Text] Washington, 28 Jun (TELAM)—President Carlos Menem asserted today that Argentine relations with the United States are "excellent" and noted that the common objective of the two nations is to "maintain and strengthen" ties between the two countries.

Menem, who chatted with a TELAM correspondent shortly before the Tango-01 aircraft landed on U.S. soil, disclosed that during his White House meeting with his counterpart Bill Clinton, he will raise the issue of U.S. sanctions against a group of countries, among which is Argentina, on steel exports to the United States at lower prices.

Within this context the chief of state said that the problem "is perfectly solvable" and stressed that the United States gave Argentine a chance to plead its case.

This morning President Menem started a 3-day official visit to Washington during which he will meet with Clinton. He will also give two lectures at international forums and will meet with the U.S. Commerce, Defense, and Foreign secretaries.

Menem Arrives in U.S., Calls Husayn 'Savage Terrorist'

PY2806223493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1405 GMT 28 Jun 93

[Excerpts] Washington, 28 June (NA)—Referring to the Argentine position on UN resolutions, President Carlos Menem today called Iraqi leader Saddam Husayn a "savage terrorist," although he did not refer refer to him by name.

Menem said that Argentina "has always supported, has expressed solidarity with, and has participated in the UN resolutions, especially against irrational terrorism, because some savage terrorists are still at large."

Menem made his remarks upon arriving today at the Pentagon heliport, coming from Andrews air base, where he arrived at 0802 local time.

Moreover, Menem said that he will announce this afternoon the price of YPF [Government Oil Deposits] shares, reaffirming that "it will be the president of the nation who will announce it from Washington."

Concerning the meeting he will hold a little later with IMF Managing Director Michel Camdessus, he said it will be "a meeting of friends," because the IMF director "has always accompanied and supported us in our foreign debt negotiations." [passage omitted]

Present at the airport awaiting the president were Army Chief of Staff Martin Balza, former U.S. Ambassador Terence Todman, Argentine Embassy military attache General Jorge Massey, and Argentine Ambassador to the OAS Hernan Patino Mayer.

Menem's retinue to Washington includes Argentina's Ambassador to the United States Carlos Ortiz de Rosas, Foreign Minister Guido di Tella, Chamber of Deputies Chairman Alberto Pierri, Mint House President Armando Gostanian, and union leader Diego Ibanez, among others.

Menem Discusses Sale of YPF Shares

PY2906022793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2019 GMT 28 Jun 93

[Report by "special envoy"]

[Excerpt] Washington, 28 Jun (NA)—The opening bid for YPF [Government Oil Deposits] shares was set at 19 pesos, and this will yield 3,040 million pesos to the Argentine state, President Carlos Menem said today.

Menem said that 1,800 million pesos will be earmarked for paying the total debt owed to retired workers above 85.

In addition, some 4 million retired workers will receive a maximum amount of 1,560 pesos.

Flanked by Domingo Cavallo and Guido Di Tella, the president repeatedly declined to refer to a charge that Radical Party member Osvaldo Alvarez Guerrero pressed before the Securities and Exchange Commission of New York.

"We will talk about that in Buenos Aires," Menem emphasized on at least three occasions.

Concerning YPF shares, Menem announced that the deadline for redeeming Bocones [Consolidation Bond], with which payments will be made to retired workers, has been reduced from 24 to 12 months.

Menem explained that the total debt owed to retired workers amounts to 12 billion pesos. He took advantage of the opportunity to criticize the Radical Party administration by saying "this was the gift that the previous government left to us."

YPF shares will be put on sale tomorrow, according to the announcement made by the president, who jokingly said they would be sold on 2 July, "the day of my birthday."

The income to the Treasury will make it possible for the government to begin paying the debt owed to retired workers "on 7 or 8 July," Menem explained.

Concerning the use of the remaining 40 percent of the 3.04 billion pesos that will be obtained through the sale of the shares, Menem said "those funds will go to the provinces." [passage omitted]

Economy Minister Cavallo Seeks Foreign Investment

PY2806142593 Buenos Aires BUENOS AIRES HERALD in English 26 Jun 93 p 5

[Text] (NA-DYN)—Economy Minister Domingo Cavallo announced the creation of an Investment Foundation yesterday, explaining its objectives to some of the country's most prominent businessmen.

The Foundation has been set up to attract foreign investments to Argentina, according to Economy Secretary Carlos Sanchez, who spoke to reporters following the meeting. He said that the purpose of the meeting was to "call on Argentine businessmen who have continually invested in the country, to help in an investment-fostering programme, either domestically or internationally."

"The meeting was called," said Sanchez, "to examine the measures that could be taken to make investments easier." The new Foundation, he pointed out, will not make any sector a priority.

Joining Cavallo and Sanchez were members of the Foundation's promotion committee: Sebastian Bago (Bago), Hugo D'Alessandro (Arcor), Alejandro Estrada (Indupa), Patricio Zavalia Lagos (Alpargatas) and Alejandro Achaval (Ipako).

Many other prominent business people were also present, including: Amalia Lacroze de Fortabat (Loma Negra), Arturo Acevedo (Acindar), Eduardo Bakchellian (Gatic), Luis Bameule (Quick Foods), Genserico Benvenutto (La Campagnola), Armando Bertucci (Aluar) and Carlos Blaquiers (Ledesma).

The Foundation's first task, will be to "identify Argentina's key aspects for investments and assist the Investments Undersecretariat."

In a press conference following the meeting, Fortabat said that "the essence of the foundation is that of a business club which will promote Argentina abroad, look for new investments and analyze what barriers keep investments from reaching Argentina."

Meanwhile the President of the CEA Argentine business council, Enrique Ruete Aguirre (Banco Roberts), said that "this is a Cavallo initiative on behalf of President Carlos Menem to try and attract domestic and foreign investments." He added that "we think that attaining a more dynamic investment market is important to Argentina's future, since until now most investments have been made in privatizations."

Defense Minister Dismisses National Border Guard Director

PY2906012193 Buenos Aires BUENOS AIRES HERALD in English 28 Jun 93 p 1

[Text] (DYN)—Defence Minister Oscar Camilion announced yesterday that he had dismissed National Border Guard Director Commander General Jorge Suerz after Suerz gave the axe to three of the force's high-ranking officials without consulting the defence chief.

Camilion added that Suerz would be replaced by the Border Guard's deputy director, Commander General Timar Musumeci, who took over shortly after the minister's midday announcement and will remain in the post until President Carlos Menem names a permanent replacement.

"The situation had taken on a new aspect," Camilion told Radio America in what a news agency characterized as an implicit acknowledgement that Suerz's dismissal of the three officials on Friday night was due to an internal power struggle in the force.

"It's not possible for a defence minister to find out about such a decision through the newspapers," commented Camilion.

In addition, the defence minister said that the Friday dismissals "will be analyzed by the new commander, Musumeci, who will report back to me."

The three officers in question are Commander Sergio Roberto Diaz, the chief of the 5th Region based in Bahia Blanca; Commander Luis Roberto Remy, the head of Neuquen Region; and Principal Commander Estanislao Almada, who was in charge of the 32nd Squadron in the Neuquen town of Alumine. The firings allegedly were due to participation in the ideological monitoring of students in Alunime.

On Saturday morning Camilion had told a local radio station that he was unaware of Suerz's actions, and shortly afterwards the Defence Ministry attributed the move to the ousted director's desire to take "revenge" on his subordinates, one of whom—Diaz—had been mooted as possible successor of Suerz.

Regarding the charges of looking into students' political inclinations, Camilion said, "In no way is it the force's business to interfere in this kind of thing." He added, "If that could occur in a border town (Alumine) and was carried out unsuitably, well, the punishment will be applied at that level."

Interior Minister Denies Efforts To Control Ideology

PY2806232793 Buenos Aires BUENOS AIRES HERALD in English 27 Jun 93 p 4

[Text] While Interior Minister Gustavo Beliz emphatically denied yesterday that the national government was involved in alleged efforts to control the ideology of high school students and teachers, National Border Guard authorities said three of the force's chiefs had been removed for apparently engaging in ideological persecution.

Beliz, who had previously refused to address the issue in public, flatly ruled out reports that the government could be implicated in attempts to try and manipulate the political beliefs of Argentina's youths and teachers in the provinces of Neuquen and Buenos Aires.

All the contrary, he said the government had specifically instructed the Interior Security Council to ban all types of checks on political activities and ideologies.

Asked about the possible existence of a network of ideological persecution controlled by people linked to the past military dictatorship, the minister said he could not answer this although "we will react very strongly if we prove anything of the sort."

"There should be no doubts about the government's repudiation of this situation," Beliz told reporters.

The interior minister further denied ever having signed an order which was allegedly drafted by his predecessor, Jose Luis Manzano, calling for the updating of intelligence files. "I signed absolutely nothing," said Beliz.

Meanwhile, the deputy chief of the fifth Border Guard region, Pedro Villvicencio, told a local news agency that his commanding officer, Serfio Diaz, had been retired from active service. Also replaced were Neuquen regional commander Luis Remy and the chief of the Alumine squadron in that same province, Estanislao Almado.

The three were reportedly removed after it was made known that the Border Guard in Neuquen was screening the backgrounds of students and teachers in Alumine. School authorities in the area charged that they had received fact sheets "similar to those used by the SIDE [Secretariat for State Intelligence] state intelligence agency during the past military dictatorship."

The forms were aimed at collecting information on the trade union activities and political militancy of teachers.

Meanwhile police action aimed at screening the ideology of citizens was repudiated once again yesterday by political leaders, human rights groups, teachers, the press and the general public.

In a press release, the main opposition Radical Party charged that "once again our youth is threatened by the authorities." The Radicals further demanded that "the government correct its mistakes and dismantle any anti-democratic networks rooted in official departments."

Run-Up to October Congressional Elections Held

PY2906012493 Buenos Aires BUENOS AIRES HERALD in English 28 Jun 93 p 7

[Text] (DYN)—The run-up to the October 3 congressional elections continued yesterday as members of the Radical, Justicialist and Neuquen Popular Movement went to the polls in several provinces.

The 69,000 registered Justicialists in President Carlos Menem's native La Rioja appeared at press time to have favoured Carlos Omar Menem—a second cousin of the President—and former Interior Ministry Community Relations Secretary Alejandra Oviedo over independents Jorge Machiote, a current deputy seeking re-election, and Marta Rivadera. However, it was not clear at press time whether Menem would reach the floor of 25 percent of the Justicialist electorate (17,500 votes) required by the party to be able to run in October.

Meanwhile, Neuquen's powerful Sapag family helped the slate led by former Deputy Osvaldo's White List edge out the Orange ticket headed by statistician Alberto Manuel Fernandez, the Blue slate led by Federico Bakker and the Blue and Gold headed by Juan Carlos Ibanez to win a slot in the spring election to replace three members of the Lower House.

Some 83,144 members of the Radical Party were eligible to cast their ballots in Tucuman for national deputy candidates, provincial party officials and delegates to the National Committee.

Although voters faces one unified list of deputy hopefuls—consisting of the current president of the provincial university, Rodolfo Campero, and teacher Julieta Hoffman de Ingaramo—the other two races included competing slates.

The White and Red List's candidate for provincial party president, San Miguel de Tucuman Mayor Carlos Courel, beat the Blue List backed current provincial party President Cecilio Heredia, in his a bid for re-election to that post.

Thus three of the While and Red slate's candidates for National Committee delegates—Luis Lencina, Jose Deguer and Julio Rodriguez—will take their place on the party body along with the Blue List's Felix Arturo Mothe.

Radicals in Chaco province also went to the polls to elect mayoral candidates in the cities where the party was unable to agree on one candidate. Senator Luis Leon reached agreements to name unified lists for major posts such as deputy candidates and National Committee delegates, and the candidate he backed, the Yrigoyenist Affirmation Movement's Guillermo Aguero, slipped past the Red List's Hector Raul Colombo, to run for mayor of the capital city of Resistencia.

Bolivia

Union Leader Says U.S. Attack on Iraq 'Should Be Condemned'

PY2906132993 La Paz Radio Fides Network in Spanish 1100 GMT 29 Jun 93

[Text] The United States is under fire from the Bolivian Labor Federation [COB] for its attack on Iraq on 26 June, which leveled one of Saddam Husayn's military bases.

COB's permanent secretary, (Lorenzo Guerrero) [title as heard], has stated that arrogant actions such as these should be condemned by the international community:

[Begin recording] The way the United States advances its foreign policy and, in this specific case, its attitude toward the Iraqi people, is—no matter how you look at it—worthy of condemnation. One must bear in mind that the United States is used to indulging in all types of aggression against other countries. [end recording]

Patriotic Accord Campaign Manager Assesses Defeat

PY2806204793 La Paz LA RAZON in Spanish 15 Jun 93 p A15

[Text] Cochabamba, 14 June (ANF)—Jorge Quiroga, former Patriotic Accord campaign manager and finance minister, believes that the "unfortunate letter" of the U.S. Government about Deputy- elect Guillermo Capobianco's criminal record is one among myriads of explanations that can be advanced to account for General Hugo Banzer Suarez's failure to win the presidency in the 6 June general election.

Quiroga has stated that among the scores of justifications and excuses that can be found when analyzing this failure, there is one that points to the long duration of the MNR's [Nationalist Revolutionary Movement] election campaign, as the MNR started electioneering on the day after Jaime Paz Zamora was inaugurated as president.

One of the most regrettable justifications is, however, the U.S. letter revealing former Interior Minister Guillermo Capobianco's record—the American Embassy alleges that he is involved in businesses linked to drug trafficking.

Despite these allegations, the MIR [Movement of the Revolutionary Left] decided to field him as candidate for deputy and he won his seat when the Patriotic Accord polled the second largest number of votes in Santa Cruz Department. "Tuto" Quiroga stressed the importance of the mass media and numerous television programs.

He added that there have been programs of all sorts—"close- ups, long shots, aerial shots, get to the bottom of it, and so forth"—which sought to sift through issues related to presidential hopefuls' candidacies, which were of utmost importance for the strengthening of the electoral process.

Still another explanation is the fact that the MNR kept harping on the corrupt practices of the Patriotic Accord administration, sometimes justifiably so, but other times without any reason at all.

To these it should be added the aforementioned consideration about the MNR's election campaign that lasted four years—the longest on record—from the moment it became the opposition party until the day before the general election. Quiroga said that these are the explanations that may add up to more than 10,000.

Capobianco Decides Not To Assume Post as Deputy

PY2806223793 La Paz Television Nacional Network in Spanish 1700 GMT 28 Jun 93

[Excerpt] [Former Interior Minister] Guillermo Capobianco, third deputy elected for MIR [Movement of the Revolutionary Left] New Mamority, representative of Santa Cruz de la Sierra, has decided not to assume, for the time being, his post as deputy, and to give up his congressional immunity to face a legal trial which will prove whether he is guilty or innocent.

Tomorrow Capobianco will go to Sucre, capital of the republic, to testify before the prosecutor general and to submit evidence which will surely shed some light on the case publicized over the past week, with accusations made by the U.S. Embassy.

[Begin recording] [Unidentified reporter] What is the reason for adopting this position?

[Capobianco] The U.S. Embassy has reported that I was only looking for institutional protection within the MIR, of seeking congressional immunity to hide or conceal a thorough investigation on the matter. Thus, this is basically a question of credibility on the issue. For this reason we thought to take this step, not only because the U.S. Embassy has put so much emphasis on this situation, but because public opinion can also believe that a situation like this can happen. This is an eminently political step, which I think will be positive. [end recording]

Any individual is innocent until proven guilty, Capobianco said. MIR-New Majority leader Oscar Eid Franco has decided to take this step, but Guillermo Capobianco has already made the decision not to assume his post as deputy until his legal situation is cleared up. [passage omitted]

Precursors of Huanchaca Case 'Evaporated Suspiciously'

PY2806171293 La Paz LA RAZON in Spanish 19 Jun 93 p A16

[Excerpt] National Intelligence Director Carlos Valverde Bravo has said that the reconstruction of the triple murder in Huanchaca included new elements in the investigations as to what happened on 5 September 1986, among them the fact that over 1,000 drums of precursors were not incinerated as asserted by the corresponding authorities.

Returning from where the Huanchaca cocaine laboratory was located, Valverde Bravo asserted that he is willing to prove that the precursors used by the drug traffickers "were not incinerated, they evaporated suspiciously."

He added: "I do not want to give the impression that I am making these charges for political reasons. We were very careful to avoid politicizing the Huanchaca case

investigations. However, after observing the zone during this trip, I assert and can prove that the drums of precursors were not incinerated. There are no signs that they were burned on that occasion."

Although almost seven years have elapsed since the Huanchaca case took place, Valverde highlighted the need for a new investigative commission to determine what happened to more than 2 million liters of chemicals used to produce cocaine that disappeared when the laboratory was dismantled.

Valverde commented: "The two prosecutors who went to witness the burning of the precursors did not even get out of the aircraft. The authorities of that time must explain what happened after the drums containing acetone and ether were incinerated."

The Intelligence Director said that the confessions by Almiro De Souza and Antonio Costa, who coldbloodedly explained the details of the triple murder, were confirmed during the reconstruction of the triple murder.

Prosecutor Ives Padilla, who headed the commission to reconstruct the crime, said that this procedure has supplied new elements to the investigation into the Huanchaca case and that the two confessed murderers will be handed over to the court during the next week. [passage omitted]

Drug Traffickers Reportedly Leaving Chapare, Beni Red Zones

PY2806182993 La Paz HOY in Spanish 21 Jun 93 p 7

[Text] The Intelligence Department of the Special Antinarcotics Force (FELCN) has announced that narcotrafficking gangs operating in Bolivia are slowly abandoning the regions that are considered "red zones" because they are being controlled by antidrug organizations.

These "red zones" are those where traffickers apparently have fairly secure bases of operations. Certain parts of Chapare (Cochabamba Department) and part of Beni Department are included in this classification.

Within this context, FELCN Deputy Commander Colonel Rogelio Vargas Ortuno explained to HOY that traffickers are constantly on the move in the zones where they allegedly have greater freedom, seeking to complicate the actions of the antidrug organization.

He stressed: "These criminals are constantly on the move in several zones of Chapare and Beni."

The operations against traffickers have hit the clandestine organizations hard. Gangs have been broken up in each operation. This has caused the trafficking networks, which lately have been headed by Colombians, to seek other zones where there is greater security for their action.

Vargas maintains that small-time trafficking and stockpiling of drugs has been reduced in the Chapare; "Only Bolivians are operating in this part of the territory, the influence of foreign capital is obvious, but a Colombian is not easy to find," he added.

The antidrug commander stated that the FELCN's Intelligence Department has detected a chain of gangs that extends from Chapare to Beni Department.

"The Intelligence Department warned that traffickers have moved to other places, which we cannot name at this time for strategic reasons," he said.

Vargas believes this information has made it possible for the Mobile Police Units for Rural Areas (Umopar) to control illegal drug trafficking in the country.

He said that we can prevent the reactivation of trafficking in those zones where, according to information, some gangs may resume activities.

Government To Destroy 5,000 Hectares of Coca in 15 Months

PY2806201793 La Paz LA RAZON in Spanish 15 Jun 93 p A3

[Text] Government sources yesterday told LA RAZON that the Bolivian Government has decided to destroy 5,000 hectares of coca plantations within 15 months.

This program, which is about to be accepted by the U.S. Government by signing the Economic Recovery Program, would receive $40 million in financial aid. This is $26 million less than last year.

Bilateral Policy Under Secretary Armando Loaiza has confirmed that the guidelines of the Economic Recovery Program have the characteristics of a simplified tool that defines economic assistance between 1 January 1993 and 31 March 1994.

During this period, aid may be granted to the economic cooperation program through the country's balance of payments program by paying Bolivia's official bilateral debt with the United States or multilateral credit organizations and by cooperating with the alternative development programs.

This non-reimbursable financial assistance decreased this year from $66 million to $40 million and, according to statistics, the U.S. cooperation in the drug field will tend to disappear in the future.

According to Loaiza, the Bolivian Government's goals for the destruction of coca plantations were set from a realistic point of view.

Loaiza asserted: "Government authorities have made sure that, according to Bolivia's current monetary program, the future government has the necessary resources so that it may adopt a new strategy regarding the new assistance programs in the struggle against drug trafficking."

The agreement has some ideas regarding bilateral cooperation in the judicial assistance field, taking into account that the Extradition Treaty between Bolivia and United States has not been signed yet.

In referring to this same subject, Loaiza explained that in the absence of a bilateral extradition agreement, the multilateral agreements in this regard, such as the Vienna Convention signed by the two countries in 1900, will continue to be enforced.

The new agreement provides for the two countries to continue cooperating in this field, which implies that the Bolivian counterproposal regarding extradition will continue to be assessed by the U.S. Government.

Brazil

'Possible Involvement' of Iraqis in Bush Plot Condemned

PY2906124693 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 29 Jun 93

[Text] Brazil has condemned the possible involvement of Iraqi authorities in the attempted terrorist action against former President George Bush in April.

In his address to the UN Security Council, Brazilian Representative Ambassador Luiz Augusto de Araujo Castro stated that Brazil condemns terrorist actions and any attempt to carry out criminal actions.

In his address, the ambassador does not explicitly express support for the U.S. attack, but he admits that the circumstances that determined the military action were very special.

Finance Minister Says Public Sector Opposes Economic Plan

PY2806142193 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 26 Jun 93

[Text] Finance Minister Fernando Henrique Cardoso said today in Sao Paulo that the public sector is the worst opponent of the economic program. The minister complained that governors and minister are always asking for more money and that state-owned companies are always opposing measures to curb expenditures.

The minister made this criticism during a luncheon in Sao Paulo with capital goods merchants and government energy officials.

Participation in Argentine Satellite Project 'Declined'

PY2806162093 Madrid EFE in Spanish 1628 GMT 26 Jun 93

[Text] Brasilia, 26 June (EFE)—Brazilian Communications Minister Hugo Napoleao stated today that his government has declined to participate in the development of an Argentine satellite to be used by the four member countries of the Common Market of the South (Mercosur).

Napoleao conceded that "Brazil is no longer interested in the project." He justified the decision because of the nonparticipation of Argentine companies in the construction of the satellite and the withdrawal of one of the partners of a European consortium of investors.

The Brazilian Telecommunications Company, Embratel, together with the aforementioned European consortium won the international public bid called by the Argentine Government for the construction of the "Nahuel" satellite.

The agreement between Embratel and the Argentine Government was to have been signed during Brazilian President Itamar Franco's state visit to Argentina at the end of last month.

The successful consortium, including Embratel as a would-be member, was going to invest $100 million—of an estimated $230 million—in the construction of the satellite while the remaining $130 million was to have come as loans from European banks.

According to the newspaper FOLHA DE SAO PAULO, the withdrawal of the state-owned enterprise Embratel will enable the participation of private projects, such as Panamsat which will launch a satellite in 1995 on the South Atlantic orbit.

Paulo Ricardo Pinto, executive director of Victori—a company that belongs to Panamsat—pointed out that Embratel's decision to back out does not favor his company which collects data from an already operational satellite.

Chile

National Renewal Party Rejects U.S. Attack on Iraq

PY2906130393 Santiago Radio Cooperativa Network in Spanish 1100 GMT 29 Jun 93

[Text] The National Renewal Party has rejected the U.S. attack against the Iraqi intelligence center.

Pedro Daza, in charge of the party's foreign affairs, expressed concern at the U.S. officials' disposition to prefer unilateral and discretionary government actions.

Pedro Daza said the U.S. charter forbids all its members from using force against the political independence of any state, with the exception of cases involving legitimate defense or measures authorized by the Security Council. But the U.S. attack against Iraq is not within the framework of these definitions; it is an action contrary to international law.

Daza said the United States has invoked just cause to cause a serious violation of international law, rejecting existing mechanisms for peace and security established in the UN charter.

Minister Comments on Human Rights Violations

PY2906002993 Santiago Radio Cooperativa Network in Spanish 1700 GMT 28 Jun 93

[Passages within quotation marks are recorded]

[Text] Justice Minister Francisco Cumplido said today in La Moneda Palace that 800 trials for human rights violations have lead to acquittals.

[Cumplido] "The truth is we are studying the trials. About 230 cases are under study. On 25 June the Army delivered to us a list of 800 trials that led to temporary acquittals. We are studying the 230 cases to determine the situation of each case, but there is not much information on them from the regions. This is why we have not yet made a decision."

Asked how to speed up the cases of human rights violations, Cumplido said:

[Cumplido] "We have to make a diagnosis, whether it is necessary to appoint judges exclusively to get familiar with the cases to speed up the trials as we did with the cases of political prisoners."

Cumplido said: We want a judicial resolution. Regarding the possibility of getting information from the Army on the whereabouts of the detained and missing, he said:

[Cumplido] "Any individual who knows the location of the detained and missing has a moral responsibility to provide all the information he has to the courts."

Regarding the 1978 Amnesty Decree-Law, Cumplido said:

[Cumplido] "In my opinion, according to Chilean current laws the amnesty ends penal responsibility, and therefore an investigtion must be carried out first to find out if the crime is within the Amnesty Law, and second who will get the amnesty. This is what the Chilean legislation establishes and it differs from doctrine because doctrine has other concepts. But the Chilean legislation chose that one. This is what we must take into account, because this is the latest interpretation made by the courts.

[Unidentified reporter] "Will there be a new amnesty?

[Cumplido] "No there will not; there will not even be a proposal from congressmen or political parties, because an amnesty would again serve to resurface the problem."

Cumplido concluded by saying that a study of the situation to find a prompt solution continues.

* Aylwin: Further Privatization 'Not Advisable'

93SM0295A Santiago EL MERCURIO in Spanish 20 May 93 pp A1, A12

[Text] The president of the republic, Patricio Aylwin, told the country's industrialists last night that his government will not expand the privatization process, but will have ready for the next administration a thorough analysis of the possibilities and alternatives for modernizing the state.

In addition, the chief executive rejected the possibility of financing social spending with funds derived from the privatization of public companies. In fact, he expressed support for sticking to tax reform, because this is "a recipe that has worked."

The president spoke last night at the closing ceremonies of the "Industry in Social Development" conference, which was attended by representatives of the Society to Promote Manufacturing and government ministers in the social sphere. The event took place at the Hotel Crowne Plaza, and according to the organizer, businessman Ernesto Ayala, its purpose was to gather officials and businessmen together to exchange ideas on improving public and private action in the area of social development.

Also present at the closing ceremonies were Housing Minister Alberto Etchegaray, Labor Minister Rene Cortazar, Confederation of Production and Trade President Jose Antonio Guzman, and Industrial Development Association (SOFOFA) President Hernan Briones. In addition, some 500 businessmen were in attendance.

In his closing speech, President Aylwin detailed the principles on which his administration's social policy is based. Toward the end of his address, he defended the role of the state in the social sphere, and emphasized the need to keep current taxation levels to finance social programs.

He mentioned the problems that affect the public health and education systems, stressing the need to find mechanisms that will ensure efficiency and reasonable costs for medical care, and to reorient secondary education to train our country's youths in technical-professional subjects.

Later on, he praised the entrepreneurial spirit of businessmen as an impetus for increased employment and advances in social development, but at the same time he urged them to expand their dialogue with organized labor.

One major point in his speech, however, was a clear indication that there will be no new developments in the privatization process in this stage of his administration.

Privatization

Along these lines, he said he is convinced that "at this stage in our economy's development, expanding the

privatization process, which was quite extensive and drastic during the previous phase, is not advisable."

He assured the audience that he is not being influenced by certain dogmas that regard state-run enterprises as necessarily bad. He emphasized that in Chile's history there have been public enterprises such as the railroads, the National Petroleum Enterprise (ENAP), and the National Electric Power, Inc. (ENDESA) that at one point were very well run and provided benefits to the country.

He declared, however, that the country will have to determine in the future which paths it will take in this regard. He stated that his administration "is anxious to have ready for the next administration a thorough analysis of the possibilities and alternatives in this area."

Later on, the president rejected the possibility of financing social spending with funding derived from the privatization of public enterprises.

"I do not share the belief that the state should necessarily get rid of all productive resources to invest the capital in social spending, because that money will eventually run out, while productive resources continue producing," he said.

The chief executive did, however, express support for making an effort to modernize the state apparatus to make it more efficient.

He indicated that many aspects must be reconciled for this purpose, and emphasized that the problem of the current administration is not that it is overloaded with civil servants, but that they do not have a clear sense of responsibility or any stimulus for improvement.

"It is not just a question of cutting red tape and reducing government interference; we must create a streamlined administration," he stated.

At the end of his speech, President Aylwin clarified previous statements about the selfishness of those who oppose the current tax structure.

He contended that he had never indiscriminately accused all businessmen of being selfish, as the mass media had reported, but he stressed that there is a natural tendency for people to think more about their own welfare than that of others.

He said that all Chileans have an obligation to contribute a reasonable amount, given their possibilities, to meeting the fundamental needs of the poorest sectors. He pointed out, however, that it is the state that bears the primary responsibility in this regard.

Taxes

Nevertheless, he maintained that to fulfill this mission, the government needs revenues from taxation.

President Aylwin noted that the experience of the past few years has shown that the 1990 tax reform did not result in the ills that businessmen predicted, such as reduced investment and slower growth.

"If the recipe has worked and has been good, it would seem advisable to continue using it, with whatever adaptations are necessary to improve it," he declared.

Finally, the president expressed the opinion that people who claim taxes should be reduced on general principle "are motivated more by the natural selfishness of human beings than by altruism."

"I think we need to continue along the same line that we have been following," he concluded.

* Study Examines Export Product Trends

93SM0295B Santiago EL MERCURIO in Spanish 19 May 93 p B3

[Text] The diversification of exports slowed last year, from a growth rate of 42.3 percent in 1991 to just 4.8 percent in 1992. This information comes from a study prepared by the World Trade Center for its associates, in which it analyzes the trends in Chile's foreign trade over the last three years.

According to the document, only 158 new products were added to the flow of exports in 1992, compared to 975 in 1991. This slump is attributed, in part, to the downward trend in the exchange rate, which acted as a deterrent to activities abroad.

This slowdown can also be seen in the number of businesses involved in exporting. Thus, in 1991 there was an increase of 31.3 percent in this category, while in 1992 the growth was just 1.2 percent.

Altogether, 5,453 companies of various sizes are exporting goods from this country.

There was also a decline in the opening of new markets for national goods. In 1991, the increase was 10.8 percent, whereas in 1992 that figure was 8.3 percent. Products were sold in a total of 155 countries.

Analyzing the development of Chilean exports, the study points out that the growth experienced in earlier periods has remained steady, but with greater diversification in the last three years in terms of the number of products, markets, and exporters.

It explains that although the traditional exports linked to natural resources still account for a high percentage of overall exports, nontraditional goods are behaving more dynamically, with higher growth rates in terms of both volume and value.

The study goes on to point out that the growth of nontraditional exports and the incorporation of new products that entail a greater amount of processing are the most important factor in the dynamism of the export sector. "Nevertheless," it states, "the indicators point to a certain deceleration in the process, because products,

exporters, and markets grew at a slower pace than in 1991. This situation may be explained by the decline in the exchange rate."

The document states that given the resources available to the Chilean economy, its comparative advantages are still concentrated in the sectors linked to natural resources, raw materials, and semi-manufactured and manufactured goods. Thus, the mining and chemicals, agriculture, forestry, and fishing sectors account for 90 percent of all exports.

Second Export Phase

The analysis indicates that the second phase of the export process is reflected increasingly at the end of the productive chains in the traditional sectors, and in the various categories of the national manufacturing industry. The latter, by using new technologies and improving productivity, have made a strong commitment to external markets.

In 1992, manufactured goods represented 6.2 percent of total exports, amounting to US$629 million.

According to the study, a greater degree of diversification has become apparent among the various export sectors, and thus there is less concentration on traditional goods.

It points out that in the last three years, mining in general, along with other less important traditional sectors, has played a decreasing role.

In addition, food exports, both farm products and seafood, are establishing a strong, dynamic presence. Salmon farms and grape and wine production have expanded faster than any other export sector recently, with sharp increases in foreign sales.

Moreover, the various sectors associated with the manufacturing industry, including metalworking, machinery and equipment, textiles, clothing, and transportation materials, have performed well, also boosting their share of overall exports.

* Software Companies Open Offices Abroad

93SM0295C Santiago EL MERCURIO in Spanish 25 May 93 p B12

[Text] A total of seven national software firms have already set up subsidiaries abroad, motivated by the success their products have had on those markets, primarily in Latin America. This was reported by the chief of the data processing department of ProChile, Diego Vargas.

He explained that exports of computer programs exceeded US$14 million in 1992 and are expected to double that amount in 1993.

These positive results have inspired companies in this sector to set up foreign branches, in view of comparative advantages over local competitors and an assortment of original products suitable for the needs of each country.

Thus, he indicated that Sonda, Aisoft, Softland, Best, Synapsis, Orden, and Ars Innovandi already have subsidiaries in countries such as Venezuela, Colombia, Argentina, Peru, Mexico, the United States, and Spain.

There is a growing trend, he noted, toward internationalization, and in the next few years it is expected that most of the 30-odd export firms will have branch offices operating in partnership with local companies.

Varas explained that ProChile's strategy calls for consolidating the national software industry in Latin America over the next three years and trying to penetrate the European and U.S. markets beginning next year.

In this context, he said, the company plans to participate in the Cebit fair in Germany, the Comdex fair in the United States and Brazil, and Simo in Spain. In addition, it intends to carry out four trade missions to Argentina, Uruguay, Peru, Bolivia, Ecuador, Colombia, Venezuela, Mexico, and Central America.

The professional indicated that Latin America is currently the most important market for Chilean software, and is one of the regions with the greatest growth potential in the world, with an estimated volume of US$510 million.

He explained that in 1992, 57 percent of foreign sales were concentrated in Latin America.

European Market

Diego Varas indicated that the plan calls for initial penetration of the European market through Germany and Spain. Exports are already being sold to those countries, as well as Portugal, albeit on a small scale at this point.

He added that one national firm, Best, has already opened offices in Spain and is having a great deal of success on that market.

Europe is a mature and well-developed market, he noted. The volume of software is 15 times greater than that being marketed in Latin America.

In this context, he said, Chile's greatest strength is its low labor costs, while its greatest weakness is the negative image Europeans have of South American countries.

"The greatest opportunity our country has in Europe lies in the fact that it is a very demanding market, so the conditions are right for seeking to maintain the competitive advantages that our companies now enjoy in Latin America, and even to develop new ones," he added.

* Luksic Group Enters Television Market

93SM0295D Santiago EL MERCURIO in Spanish 25 May 93 pp B1, B12

[Text] The Luksic Group has announced that it is entering the private television market, after acquiring a 75-percent share of Maxivision (TV MAX), which is broadcast by microwave on the UHF frequency in the Metropolitan Region. It has also formed a partnership with Telecable Sur, with which it plans to develop a cable television network that will cover the entire country.

With this move, the VTR companies (in which Luksic holds a majority share) have added another segment of telecommunications to their existing activities, which include the recently launched long-distance telephone service and value-added services such as fax, data, telex, and others.

In addition, the group owns a share of Telefonica del Sur and its subsidiary Telcoy (local and long-distance service), and is involved in the cellular telephone business through VTR Celular.

Increased Capital

The general manager of VTR Investments, Felipe Lehuede, reported that the Luksic Group has been studying the development of private television in Chile for some time now. After a thorough analysis that included contacts with foreign and national firms in this sector, it decided to buy stock in Maxivision.

For this purpose, it purchased a major share of the company, which will mainly take the form of subscribing an increase in capital, making it a 75-percent owner of the company and therefore the manager of the business. Although figures were not quoted, it was revealed that the group invested more than US$2 million in the company.

"The initial idea is to give decisive financial and administrative support to this company for the purpose of making some changes in programming and increasing the number of channels available. In this way, it will be able to resume the growth in the number of subscribers and its market share, thanks to the fact that it is the only MMDS (wireless) transmitter here. This enables it to reach all the urban areas of Greater Santiago simultaneously."

In addition, the executive reported that the decision to buy a share of Maxivision is part of the Luksic Group's broader strategy for this market. It intends to develop private television networks, broadcast either by physical means or through wireless systems, operating in various cities in the country.

In this regard, he recalled that the company recently participated in the formation of a new subsidiary of Telecable Sur, S.A., with an initial capital of 835 million pesos. It will come under Telefonica del Sur, which in turn will be a 75-percent owner of Maxivision.

It has been reported that this subsidiary initially plans to set up a cable television network in the cities of Valdivia, Osorno, Puerto Montt, and Coihaique, and later in Temuco, Concepcion, and the central and northern regions of the country.

The purpose of this subsidiary, according to Lehuede, is to develop a system of broad national coverage that will enable subscribers to have affordable access to an interesting and select array of programs, which will include, "of course, movies, children's programming, music, news, sports, and others, hopefully all in Spanish, so that in the medium term, more sophisticated services can be provided. These services are already being offered in other countries, and include telemarketing, interactive television, video games, and others."

Francisco Courbis was named general manager and put in charge of the project and of the subsidiary. Until now, he was general manager of the railroad from Antofagasta to Bolivia, which also belongs to the Luksic Group.

* Difficulties in Opening Small Businesses Detailed

93SM0304A Santiago EL MERCURIO in Spanish 1 Jun 93 pp A1, A12

[Article by Enrique Mujica]

[Text] In the mid-1980's, a group of Peruvian researchers measured how long it took to open a small business. The result: 289 days.

The same exercise was carried out in New York and Miami: the response time was between three and four hours.

"In Chile, as of today, it is necessary to fill out 25 to 84 forms to register a small business, taking anywhere from six months to years, at a cost of between $500,000 and $600,000," says Deputy Jaime Orpis (UDI) [Democratic Independent Union], while he thumbs through a study of the problem he has just carried out.

The assemblyman said that the bureaucracy in our country stifles any entrepreneurial initiative. Particularly among the poorest classes. And it encourages those who decide to remain at the margin, in the informal sector.

At the Technical Cooperation Service (Sercotec), a state entity that promotes small and medium-sized enterprises (Pymes), the opinion is similar. "One must carry out a veritable odyssey to open a business. There is a great deal of bureaucracy," says Research and Planning Manager Pablo Baltera.

"Look...if I do it all legally, I will not have enough money. And who do I have to watch over the business? Besides, we are already used to living like this," explains Pedro Z., a street vendor on Augustinas Street.

Estimates point to 60,000 to 100,000 informal businesses. There are poorer sectors of the capital plagued with "illegal" micro-industries. A high figure, if compared to the number of legal Pymes, which number about 50,000.

With no permits or licenses, the marginalized businesses have no rights or responsibilities. Many wish to enter the system, as the fines are recurrent. Others have already given the battle up for lost, and prefer to continue this way, with one foot tentatively inside and the other well outside.

Because to set up an economic enterprise is as difficult as creating one. According to the United Nations Regional Employment Program, Chile is among the four nations in the Americas and the Caribbean where it costs the most to open a new business.

Courage, patience, and money are the virtues that augur success in the paperwork. The path is ill-marked, and if one does not have luck and resources, the most probable destiny is joining the ranks of the informal sector.

"The State bureaucracy problem is very difficult to handle, since the complex system requires us to dedicate many working hours to the multitude of red tape," claims Felix Luque, president of CONUPIA [United National Confederation of Small Industries and Crafts], which brings together small and medium enterprises and domestic craftspeople.

In the worst case, there are 84 forms to fill out. That is, one must incorporate, make additions to, or construct new workspace, obtain a commercial license, RUT, and start operations.

"Grosso modo, for example, incorporation can involve up to five steps. The licensing is more difficult. Including the Works Directorate, Emos, Domestic Taxes, the gas and electrical companies, Environmental Health Service, and other entities involved there are almost 30 forms, not counting inspections, studies, and analysis by the public services."

At Sercotec they are more conservative. They list 15 forms, "not excluding the possibility of some additional ones, depending on the situation and the location."

Because of this, many abandon the quest for legality and prefer to swim alone. Some months ago there was a breakfast of small business owners from all areas of the country. The biggest criticism was the paperwork to obtain the municipal license: "Annoying, time-wasting, you have to go to at least 10 different places."

Las Condes Mayor Joaquin Lavin accepts the complications of the system, which are "almost like torture, a teacher I know told me." He says that in his municipality, licensing delays are no more than 10 working days. He is interested in attracting business, since that represents the municipality's third-greatest source of revenue.

On the other side of the capital, Carmen Graciela Romo, mayor of Quilicura—the "boom" community for industries—says that for her municipality, licenses are the greatest source of income "in a zone that is basically poor." For that reason, without neglecting environmental regulations, they have established an open-door policy. "No bureaucracy, of course. In two weeks, the license is ready."

The views of small business owners are not so optimistic. More than 50 percent of small and medium-sized businesses, when faced with the tangle of red tape, opt to work without a license.

Some time ago, Mexico reduced its red tape. It established the "single window," a system that centralizes all the steps. "We are leaning in that direction because we like it. However, we are only at the idea stage," argues Baltera.

In Conupia, that initiative is looked upon with approval. Costly minutes fly by in repeated visits and "strolls" to Government offices. However, they are not alone. Many street vendors claim that if they had the opportunity, they would become legal. And the opportunity consists only in fewer meters of forms, photocopies, and steps to climb.

* Tax Reform Agreement Gives Incentives To Saving

93SM0304B Santiago EL MERCURIO in Spanish 6 Jun 93 pp A1, A16

[Text] Yesterday at a press conference, Budget Director Jose Pablo Arellano provided details of the tax agreement signed Friday between the Government and National Harmony and Renewal assemblymen, to be presented to the congress within the next few days through a legislative proposal.

Among the details are tax incentives to personal and family savings. With a view to fomenting greater savings, Arellano said, a mechanism will be proposed to the congress that will permit deferring income taxes due on savings until they are withdrawn. According to him, this is one of the most innovative aspects of the agreement, since it is a true tax benefit. Moreover, it is the first time a mechanism of this type has been introduced.

The system will be voluntary, as it will be the contributors themselves who decide whether to participate or not.

He also indicated that in order not to adversely affect the benefits of People's Capitalism, and those applying for current and future ownership of shares of open corporations, "it has been proposed to substitute the current tax incentives for personal savings (Article 57 of the Income and Benefits Law of Account 2 of the AFP [Pension Fund Managing Companies]) with this new mechanism." In general terms, investments by citizens in nominative, nonendorsable instruments such as time

deposits and savings accounts in banks and financial institutions, mutual fund accounts, and AFP Account 2's, can be subject to this new mechanism. The option, which is voluntary, must be exercised at the time the investment is realized, and cannot be modified at a later date.

Jose Pablo Arellano said that, for example, "if a contributor had gross monthly income of one million pesos, he would have to pay taxes of 610,000 pesos per year. If he saved 20 percent of his income, he could defer 120,000 pesos of the 610,000 that he would have to pay as global complementary tax. This tax would have to be paid when he withdrew the savings he maintained in a bank, financial institution, or other approved vehicle."

He added that under this mechanism the contributor, once he withdraws the savings, must pay what he had deferred up to the time of realizing those savings. That figure would be readjusted according to the Monthly Tax Units.

"Personal income set aside for these investments would receive a credit proportional to the tax, determined according to the global complementary table. Income from these investments would not form part of the contributor's tax basis. People paying Second Category Taxes could effect a reliquidation of the respective income activity to take advantage of this benefit."

Withdrawal of the investments applied against this benefit would be subject to a proportional tax debit, calculated on the basis of the contributor's average tax during the years the savings were effected, under this system.

It should be noted that the sum of the savings, less withdrawals, imputed in one year cannot exceed 30 percent of the contributor's net taxable base, or 65 UTA's (Annual Tax Units). Should either of these two limits be exceeded, the excess amount will be added to the savings of the following tax year.

Arellano indicated that people who as of 1 January of this year had invested under the current benefit regime, including Article 57, which is being replaced, can maintain their investments until the next rollover or carryover of the deposits, or the redemption or disownership of the investment in the remaining cases.

Recording the dates and amounts of the deposits, withdrawals, and information to determine the tax credits and debits will be the responsibility of the institution receiving the personal savings, and these records must be made available to the Internal Tax Service when required. Thus, Arellano said, there is a dual obligation. "On the one hand, the contributor must report the deposits and withdrawals made, and on the other hand, the bank will be required to report the deposits or withdrawals made by contributors who voluntarily participate in this mechanism."

Reduction in Personal Taxes

Arellano also stated that the tax accord retroactively sets back personal income taxes (Global Complementary and Second Category Single Tax) to the rates prevailing in June 1990, and reduces the maximum marginal tax rate from the current 50 percent to 45 percent. "In order to avoid sharp reductions in fiscal revenue, this will be effected in a gradual manner with successive decreases beginning 1 January 1994 and 1 January 1995, the date when the definitive rates will begin to be in effect.

Reduced Double Taxation

Arellano explained that the agreement contains a mechanism that reduces double taxation on income from direct investment by Chileans overseas. "This system favors domestic firms that invest overseas and that pay taxes overseas, and which repatriate income they have earned—under current legislation—and are being newly subjected to paying First Category taxes in Chile."

With a view to reducing the double taxation on these firms, the agreement proposes providing a credit against First Category taxes for income taxes paid overseas. To do so, two mechanisms will be considered: first, for firms that declare only income remitted from overseas, the credit will consider taxes on remittances paid overseas. Second, for firms that pay taxes on a global basis (with agencies overseas), the credit will be applied against taxes on income earned overseas.

To this end, the lower of two rates will be considered, that on taxes paid overseas, and that on First Category taxes, and will be given only to firms taxed in Chile with full accounting. In the case of a foreign tax being higher than the First Category rate, the difference will be recognized as a necessary expense to produce income.

The credit provided will not be in the form of cash refunds. If there remains some excess, this must be credited in later tax payments.

This system, Arellano explained, implies an incentive to international diversification of real investments of Chilean firms. In addition, for foreign investments, it constitutes an incentive for Chile to operate as regional headquarters for firms investing overseas, according to Manuel Marfan, who acted as an advisor to the Finance Ministry on tax matters.

Additional Taxes

The agreement also includes a modification in the rates of additional taxes, specifically in the case of businesses providing intensive knowledge- and technology-based services, such as trademarks, patents, formulas, technical advice, etc. *The newly proposed rate is 35 percent* except in the case of technical advice provided in Chile, which is to be reduced to 20 percent under the proposal. The current rate is 40 percent.

"The current rates," says the annex on modification of the additional tax, "implies unjustified levels of protection that affect our most sophisticated exports, the importation of technology, the most intensive foreign investment in knowledge, and the establishment in Chile of concessions linked to internationally prestigious brand names. The proposed modifications will allow us to correct these distortions."

Stimulus to Business Investment

After proving the effectiveness of the stimulus introduced in the 1990 tax reform, which provided incentives for investment for businesses in new or recently issued depreciable shares consistent with a credit of 2 percent of the value of the real investment against the First Category tax of firms taxed under full accountability, the proposal was made to increase the credit to 4 percent of the value of the real investment. It is worth noting that the maximum tax credit would be maintained at 500 Monthly Tax Units (UTM's), some $8.523 million, as the 1990 reform established.

Donations for Basic and Intermediate Education

With a view to encouraging businesses to involve themselves in specific educational projects, a system of tax benefits has been proposed for donations made by contributors who declare First Category taxes with full accountability, to nonprofit establishments that subsidize basic and intermediate education.

Specifically, the proposal is "to provide a credit against First Category taxes equivalent to 50 percent of cash donations to nonprofit subsidized establishments. When the donation is permanently directed to a fiduciary fund, the tax credit will increase to 70 percent in 1994 and 1995, 60 percent in 1996, and 50 percent in 1997.

Among the entities that could benefit from these donations are cross-funded establishments in the municipalities, technical-professional education facilities, and nonprofit institutions that subsidize educational establishments.

"Donations should be directed to projects sponsored by the respective municipal council and approved by the regional intendent."

Donations could be directed to infrastructure construction, repair, and improvement, and/or setting up a fiduciary fund administered by a commercial bank in such a way that the educational establishment would receive the income generated by the fund.

Under this tax benefit, the donor would not be able to make educational donations producing greater total income tax credits than the lesser of 14,000 UTM's, or 2 percent of the taxable First Category base.

Colombia

Prosecutor General Confirms Escobar Plans to Surrender

PA2806184793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 28 Jun 93

[Text] Attention: Pablo Escobar Gaviria again plans to turn himself over to the Colombian authorities. This has just been confirmed by the Prosecutor General's Office.

The Prosecutor General's Office issued a press communique which states: Mr. Escobar Gaviria's lawyer has told this office that his client wants to surrender himself to justice and the authorities so he can be tried for the crimes with which he is charged.

Another paragraph of the communique notes that the national government and the Attorney General's Office have been informed of this decision. If Pablo Escobar Gaviria turns himself in, he will be taken to the maximum security jail at Itagui as that prison has the best conditions for Escobar Gaviria's surrender.

President Agrees Escobar To Be Sent to Itagui Prison

PA2806230793 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2200 GMT 28 Jun 93

[Report by Luis Alberto Bogollon]

[Text] President Cesar Gaviria Trujillo stated in Medellin that he and Justice Minister Andres Gonzalez Diaz share Prosecutor General Gustavo de Greiff's opinion that Pablo Escobar Gaviria be sent to the maximum security prison at Itagui, south of Valle de Aburra.

The president warned against Escobar Gaviria's attempting to impose any conditions on his surrender to the justice system and said that everything will be done according to guidelines prepared by the Prosecutor General's Office.

[Begin Gaviria recording] [words indistinct] the prosecutor general pointed out that he is not willing to accept any preconditions that may lead to Escobar's surrender. He told us that in his opinion Mr. Escobar should be imprisoned at the maximum security prison in Itagui, not only because it is one of the safest prisons in Colombia, but because it is close to his relatives, as established in the penitentiary code. The justice minister shares this opinion and believes that Mr. Escobar should be incarcerated at the Itagui prison. He should be moved from there only if he becomes involved in a crime or if he breaks any of the prison's disciplinary rules. [end recording]

With respect to this process and the negotiations leading to Pablo Escobar Gaviria's surrender, the president stated that on 25 June he, Prosecutor General Gustavo de Greiff, Justice Minister Andres Gonzales, and

Defense Minister Rafael Pardo analyzed the new circumstances and how they plan to proceed.

Official Responds to Roberto Escobar's Accusation

PA2806202193 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 28 Jun 93]

[Text] Roberto, Pablo Escobar's brother, stated that Oscar Freddy Paredes, director of the Administrative Department of Security in Antioquia Department, is a member of the Persecuted by Pablo Escobar group. The official talked on 28 June with "The National Newscast" reporters.

[Begin Paredes recording] That is totally false. I await any requests by the Office of the Attorney General or the Office of the Prosecutor General to explain the situation. It is a campaign to mar my prestige; it is a campaign of disinformation that seeks to affect the persons who have been working honestly in Antioquia and Medellin Departments. [end recording]

Pardo Denies Possible Joint Patrols With Venezuela

PA2606042293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 26 Jun 93

[Text] The National Navy is conducting patrol missions to protect and enforce our sovereignty over the Pacific and Atlantic coasts, Admiral Hernando Garcia said on 25 June. At the same time, Defense Minister Rafael Pardo said nobody has proposed joint patrols in the area in dispute with Venezuela. Here is Raul Gutierrez with the details.

[Begin recording] [Gutierrez] Minister Pardo met with reporters to state categorically that the possibility of conducting joint patrols with the Venezuelan Armed Forces in the areas near the Gulf of Venezuela was never considered.

[Pardo] Nobody has talked about the joint patrols, and they have never been conducted. Coordinated patrols and operations are always conducted with all the countries of the world, however.

[Gutierrez] Pardo agreed with the top commissioners from the two countries to suspend any proposal related to the Gulf dispute until February 1994.

[Pardo] I want to say this sort of topic does not really contribute to foster a good climate of understanding and integration between the two countries, particularly when elections are pending. [end recording]

Medellin Cartel Members Returned to Itagui Prison

PA2806141993 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Jun 93

[Text] Medellin—The members of the Medellin Cartel, who had been transferred to Modelo Prison in Santa Fe de Bogota for violations of the penitentiary code, will be returned to the maximum security jail at Itagui.

This announcement was made here by Gustavo De Greiff Restrepo, prosecutor general of the Republic, who added that he will coordinate with the National Penitentiary Institute the length of time that Ottoniel Gonzalez Franco, alias Otto, and John Jairo Velasquez Vasquez, alias Popeye, will remain at Modelo Prison.

* Ochoa Sentence Makes Surrender Policy 'Success'

93WD0617Z Santa Fe de Bogota SEMANA in Spanish 1 Jun 93 pp 44-45

[Article: "Is Eight Enough?"]

[Text] *The bargaining over Jorge Luis Ochoa's sentence could become the first real success of the surrender policy.*

Two and a half years ago, the courts began a race against the clock to keep one of the key figures in the Medellin cartel behind bars. Nor was the effort in vain. On Friday of last week, a "faceless" judge sentenced Jorge Luis Ochoa to 19 years in prison for the crimes of illicit enrichment and conspiracy to engage in crime. The legal battle began on 19 February 1991, when the eldest brother of the Ochoa clan surrendered to the courts, availing himself of the reduced sentence granted by the government of President Cesar Gaviria.

From the time Ochoa set foot in Itagui Prison, the Colombian system of justice began to compile all the legal evidence to be found against him in Colombia and abroad. Nor was it an easy task. While the Ochoa brothers were the very backbone of the Medellin Cartel, one thing was certain: They had participated in the business merely by making large drug shipments to the United States and Europe and were involved in no acts of terrorism. Furthermore, in a business involving billions of dollars, it was very difficult to prove the extent of Jorge Luis Ochoa's participation.

As a result, the only thing known at [illegible] time about the eldest Ochoa brother was that in 1985 he had spent two years in prison in Spain along with Gilberto Rodriguez Orejuela, who was charged with heading the Cali Cartel. The Spanish police caught the pair and the United States launched a legal battle to gain Ochoa's extradition in order to try him for the murder of DEA [Drug Enforcement Administration] agent Barry Seal, who had infiltrated the Medellin Cartel's organization. Ochoa's attorneys ended up winning the first round and Jorge Luis was sent to Colombia, where he was already on trial for

smuggling fighting bulls. Upon his arrival in Colombia, he was sentenced to 24 months at La Ternera Prison in Cartagena.

He was caught once again 15 months later and taken to Bogota's La Picota Prison, where he would serve a 22-month sentence for smuggling purebred cattle. Once again, the American Government marshaled its guns in order to win his extradition, a procedure suspended months before by the Colombian Supreme Court. While this second legal battle was being waged, he was released on 30 December 1987 in one of the biggest legal scandals of recent years.

Following his release, he went into hiding and nothing more was known of his fate until he expressed his desire to surrender. In his confession before the faceless judge, Jorge Luis Ochoa was emphatic: "I was a trafficker, but never a terrorist." He noted that since 1980, he had made money by exporting cocaine.

Based on that confession, the courts began to piece together the puzzle making it possible to prove that there was indeed enough evidence to keep him in jail. After serving a year and a half, Ochoa asked the prosecutor general to plea bargain, invoking a legal clause in the new Code of Criminal Procedure known as "advance termination of the trial."

Only six months later, the prosecutor general decided to conduct the trial. During that time, he had managed to gather a body of evidence that fell into three main categories. The first was a compilation of all the information contributed by the governments of the United States and Spain. The second included evidence gathered in Colombia, while the third category involved the case of the Tranquilandia laboratory, which authorities viewed as the Medellin Cartel's biggest cocaine collection center.

Based on this information, Deputy Prosecutor Francisco Sintura and a faceless judge from Medellin met with Ochoa and his attorneys at Itagui Prison. During the hearing, the drug trafficker gave authorities a document expanding his confession and offering evidence concerning his participation in the cocaine trafficking business, which in round figures exceeded two tons.

For its part, the Prosecutor General's Office had sufficient evidence to prove Jorge Luis Ochoa's participation in sending large shipments of coca to the United States and Europe. All these charges were agreed to by his defense attorneys.

The most critical point of the bargaining had to do with the Tranquilandia laboratory. The prosecutor's office had proof that Ochoa was one of the main partners in its construction and the trafficker ended up admitting as much. He admitted contributing $500,000 to its construction.

As the proceedings continued, the prosecutor's office gradually took the bull by the horns. It was agreed that the sentence for the previously mentioned crimes could not be less than 18 and ½ years in prison. The law states that his voluntary surrender means a reduction in the sentence by one-sixth, while the confession further reduces it by one-third. Once he has served the remainder of the term, Ochoa will have to serve a sentence of eight and a half years in prison and pay a fine of 100 minimum wages. In addition, he will have to surrender assets worth 2 billion pesos. Ochoa's lawyers agreed that he would turn over a ranch on the outskirts of Medellin worth that amount.

Once again, as was the case when officials bargained with Ivan Urdinola, there will be no dearth of those complaining that the actual sentence is not enough. Nevertheless, as far as the courts are concerned, it must be said that not only has major progress been made by the prosecutor's office between this case and the one involving Urdinola, but that when the Ochoa brothers first offered to surrender two and a half years ago, no one ever dreamed they would spend so much time in prison. Last Friday's result is so important that it can be said that if Escobar's escape was the main blot on the record of the policy of surrender, then the bargaining with Jorge Luis Ochoa could be its first major success.

* Ernesto Samper Discusses Campaign Plans, Issues

93SM0300A Santa Fe de Bogota EL ESPECTADOR in Spanish 25 May 93 p 6A

[Interview with Liberal Party precandidate Ernesto Samper Pizano by Carlos Murcia; place and date not given]

[Text] Ernesto Samper Pizano came back with a renewed spirit, with new political techniques, and with a style he hopes will appeal to the aspirations of a Colombian electorate that has become increasingly hard to please.

Colombians were surprised at the new 1993 Samper model, stripped of his humorous side, more straightlaced and subdued.

This is what his media advisers have recommended for him. But in private, Samper is still his joking self. He comments to us, for example, that the new government will not be a daycare center, but a team of both young people and veterans, people with a lot of know-how and experience in dealing with the country's problems.

Political analysts wonder what Samper will do to dissociate himself from Liberal leaders with criminal records or shady reputations, considering that the support of such persons has been inevitable in the Liberal Party.

Position on Gaviria

It was within this context of new expectations that we interviewed precandidate Ernesto Samper.

[Murcia] You were a minister and an ambassador in President Gaviria's administration. Will you continue his policies, or will your government be different?

[Samper] We have areas of agreement and areas of disagreement with President Gaviria. We agree on the need for a democratic political program; we agree on the need to strengthen justice, revamp our institutions, and prosecute drug traffickers to the full extent of the law. We disagree, and have for several years, on social policy, the timing of the economic liberalization, and the need for a long-term agenda. As development minister and as a candidate four years ago, I put my ideas on the table. I would like to state just as clearly that I am not Gaviria's candidate, but neither will I resort to the expedient of opposing anything and everything just to reap political dividends.

Liberal Machinery

[Murcia] How will you organize your "machinery" for the upcoming elections?

[Samper] I hope to come into the elections with a different Liberal Party, one that has undergone a renewal. I am not a collector of congressmen. I hope that people will judge me in this campaign by my actions as a public official, by the team I have assembled, and by the platform I propose. The country will begin to change only when the parties and their old machines change. A whole team of new Liberal leaders is awaiting that opportunity. It is the congressmen themselves who are processing the current legislative agenda.

Peace Strategy

[Murcia] What policy will you pursue to achieve peace with the subversive groups?

[Samper] I will follow the line of action laid down by President Gaviria's administration. The subversives should understand that there is no turning back from the pacification effort we have launched. I will place special emphasis on the condition that our Armed Forces remain effective, on the purging of the police, and on the creation of a national antiterrorism intelligence system. I will increase the government's social presence in the violence-plagued areas.

[Murcia] Under what circumstances would you resume talks with the subversives?

[Samper] Who are the subversives? The ones who plant bombs and destroy oil pipelines? They are not subversives, they are terrorists. Who are the subversives? The ones who extort money from ranchers and kidnap people to make money? They are not subversives, they are criminals. Criminals and terrorists will be dealt with in just one way: by enforcing the law. For those who have stayed away from these activities but have taken the path of armed resistance and want to return, we offer them and their families an opportunity to return to civilian life, with guarantees for their lives. The problem is, the doors to dialogue are locked from the outside, and the subversives know how to open them: by laying down their arms.

[Murcia] Is the Colombian Army capable of defeating the guerrillas?

[Samper] The Colombian Armed Forces have been going through a modernization process that I support. The public has a right, as in any democracy, to know how military appropriations are being spent and how effective they are. The debate on the effectiveness of the Armed Forces should be part of a dispassionate, public discussion. In Europe, the reform of the military has involved professionalization and debureaucratization. The latter includes the reduction of exorbitant military spending. Now, we also have to understand that this is not just a problem of force, but also of intelligence. The country should design a national intelligence system that will enable it to anticipate and prevent forms of violence such as terrorism, kidnapping, or extortion.

War on Corruption

[Murcia] What do you plan to do about the corruption that is getting worse and worse in Colombia, in all aspects of public administration?

[Samper] Colombia still has time to prevent the "Italianization" of its public life. We need, above all, for all citizens to be committed to the effort to purge the public administration, rather than having just the government or the attorney general or a few judges wage a solitary battle. For this purpose, I intend to present, in the form of a citizen initiative, an anticorruption bill that will be put before Congress after more than a million signatures are gathered. This bill, the fruit of a major effort over the past year, contains elements already enacted into law in other countries, such as France, as well as some contributions unique to us, designed to combat corruption at its roots: public contracting, illicit gains, and campaign financing. The most important aspect of this issue, which could turn into a very dangerous political weapon, is to have clear rules. Allow me to give you an example of such rules: Any charge of immoral acts should be made publicly, but the prosecution should be private. Any citizen has a right to file a complaint about corruption, and the media have a social obligation to report it, but the person should be prosecuted in private, to uphold his right to defend himself. To make my own campaign consistent with that, we will present a Code of Ethics to guarantee the honesty of campaign officials, and we will name an internal auditor to make sure funds are raised and spent properly.

Social Proposal

[Murcia] The Gaviria administration is criticized for abandoning social investment. What will you do in this area?

[Samper] As minister of development I have spoken out about the need to make social adjustments in the liberalization. What does that mean? It means providing alternatives for workers who are displaced by industrial reconversion and the privatization of state enterprises. It means finding new sources of employment to replace the jobs lost to foreign competitors. It means understanding that our best production resource, the human resource, must be improved through better training and better health and welfare. It means developing a social security system with the goal of universal coverage so that all Colombians will be eligible for basic benefits that will raise their standard of living. It also means protecting the environment as part of this whole strategy of well-being. Employment, job placement, manpower training, social security, and environmental protection are the themes of the 21st century agenda.

[Murcia] When you are president, will you continue to govern with an administration of young people who have been accused of inexperience in this administration?

[Samper] I hope to take office with a team of young people who will take and assume political risks and responsibilities to carry out a government program. During my administration, these young people will be assuming their governmental responsibilities in the ministries, in leadership and management positions.

[Murcia] How should the vice presidential candidate be chosen?

[Samper] There are two premises: that the candidate should name the person on his own, and that the person should be capable of replacing the president. These two premises give rise to many possibilities, and all of them are good.

[Box, p 6A]

Samper Introduces New Modus Operandi in Campaign

Precandidate Ernesto Samper hopes to introduce a new modus operandi for political campaigns in Colombia. Basically, it will consist of adopting a system of "social dialogues," to which anyone who wants to be involved in determining Colombia's future can contribute ideas. Samper said that regional forums and issue-specific forums "will be the tools of this new approach to the new politics of the new century that is dawning."

He explained that he will not resort to rallies with long-winded political speeches, with the leader up on the podium and the public down below, because that model no longer appeals to the country. What people want is to be heard, informally, to discuss all their problems, so that the solutions to those problems will not be shelved alongside all the unfulfilled promises of all the governments. He said that he will put together a modern, honest team with a vision of the future, one that will reflect the desire to transform Colombia. Samper stated that he will announce the names of the team members in about a month, when he will also reveal the Code of Ethics he is drafting with the help of expert advisers, to be applied not only during the campaign, but also during his administration.

He intends to wait to launch his presidential campaign until after the rules of play have been laid down in a popular consultation within the Liberal Party. In any event, he will not begin campaigning until August, to avoid unnecessary wear and tear and boredom in the electorate.

The next two or three months, however, will be spent on a variety of preparatory activities, on expressing opinions and analyzing problems. That is why he extended a cordial invitation to the other Liberal precandidates to contribute to the diversity of ideas and the enrichment of the ideological debate, to raise it to a higher plane, and to unify the Liberal Party around realistic proposals.

One of the postulates that Samper would like to develop throughout this campaign is the need to raise the level of morality in the country, bearing in mind that the leadership should be expected to set a good example first. For this reason, he has taken a firm stand against accepting any support from leaders against whom there is legal evidence of violations of the law.

In keeping with his goal of conducting a modern, issue-oriented campaign, Samper does not want to deal much with the mechanical aspect of campaigning. Regarding the rules of play for candidates, he will only say: "There are no ideal rules of play. The best rules are those approved by the people who are willing to abide by them. I will work with the party director and the Liberal precandidates to devise clear rules that include all possible guarantees. I will abide by them within the consultation process." He believes, however, that if the consultation takes place in March, the possibility of interference by the party machine is not as great as people think, because there will be an independent slate.

Paraguay

German Ambassador Asks Deputy To Apologize

PY2806162293 Asuncion NOTICIAS in Spanish 26 Jun 93 p 2,3

[Text] The Chamber of Deputies on 24 June decided to issue a communique warning diplomats accredited to our country to observe the principles on noninterference in our domestic affairs in future.

Deputy Sandino Gill Oporto sponsored the initiative, vehemently supporting the principle that foreign embassies must not intervene in domestic affairs.

During the discussion of the initiative, the legislator harshly condemned U.S. Ambassador Jon Glassman. Gill Oporto also had harsh words for Apostolic Nuncio Msgr. Sebastian Laboa of whom he said: "In his name is what he is" [playing on the word boa, a type of snake].

Gill Oporto accused Laboa of delivering former Panamanian President Manuel Antonio Noriega to the U.S. troops.

These accusations were not received kindly in diplomatic circles. German Ambassador Heinz Schneppen said: "The deputy's words are slanderous and offensive."

Schneppen said that comparing Nuncio Laboa with a snake and the accusation that he delivered Noriega to the U.S. Army constitute a lack of respect toward foreign representatives. "This is why I must say that this legislator is not very honorable," Schneppen said.

The German ambassador added that he had contacted the diplomatic corps dean and deputy dean to analyze the situation and make a decision as a group. He also said he will present a protest to the executive branch. "We were accredited before the Paraguayan Government and not before the Paraguayan Chamber of Deputies. We will talk with Foreign Minister Alexis Frutos Vaesken," Schneppen said.

The German ambassador said that the conflict could be solved if Gill Oporto withdraws his accusations and apologizes publicly. "I think it is still very easy to solve this problem because Msgr. Laboa would accept a public apology," Schneppen added, showing his surprise at the legislators' attitude.

"I do not know if they are affected by the fact that they will be finishing their jobs as legislators in a few more days. They must have a very wrong idea of interference in international affairs, because they are very wrong on that aspect," Schneppen concluded.

Congressman Criticized for Attacks Against U.S. Ambassador

PY2806204393 Asuncion ULTIMA HORA in Spanish 25 Jun 93 p 6

[From the "Darkroom" column; quotation marks as published]

[Text] The close to schizophrenic insistence of [Sandino] Sandokan [nickname provided by the newspaper] Gil Oporto's "persecution" of Yankee Ambassador Jon Glassman for his "interference" in internal affairs has led more than one person to believe that this former "antagonist" ["contestatario"—a faction of the Colorado Party that was exiled by Alfredo Stroessner] wise guy is one of the "enlightened" "interpreters of the wind," because everyone knows that the displeasure against Glassman comes from the very top, especially from one who hoped to arrive first, but after the drafting of the constitution he was stranded high and dry behind the scenario... Oh...! [as published]

Thus, "pressed" by time and the end of his juicy congressional emolument, Sandokan Gil Oporto, without thinking twice, took on the "concern" and up to now has not ceased in trying to obtain a "ruling" against the "man of glass," who up to the present time has only dedicated himself to telling certain people that the Constitution must be respected, come what may... Once this dubious situation ends, Gil Oporto expects to obtain some "little bone" that will allow him to live comfortably and idly for a few months... Gross!

Deputy Reaffirms Position; Diplomats Issue Formal Protest

PY2906114693 Asuncion RPC Television Network in Spanish 0000 GMT 29 Jun 93

[Text] Colorado Party Deputy Sandino Gill Oporto today stated in the Chamber of Deputies that he will not take back his words and instead repeated his criticisms against U.S. Ambassador Jon Glassman, German Ambassador Heinz Schneppen, and Apostolic Nuncio Jose Sebastian Laboa.

[Begin Gill Oporto recording, in progress] ...statement that the Chamber of Deputies has approved and my personal remarks for which I take full responsibility are two different things. Any attempt at tying them together is aimed at justifying a display of the much ballyhooed espirit de corps. I had thought this espirit de corps was something we only had here, but it seems that it is an international disease like whooping cough, this business of joint defense.

The German Ambassador has gone further. He said: Deputy Gill Oporto is a dishonorable congressmen. I will not call him dishonorable. I could reply in kind. I will say, however, that he is behaving like a First World official who has come to a Third or Fourth World country and believes that he has the right to use offensive language. He represents the segment of the German people who still have racist inclinations and are harassing foreigners in Germany.

Monsignor Laboa rejected the charges I made. He said that I mistreated him, that I offended him, and so on. I said that he had turned over someone that was being persecuted, someone who had come to him for asylum. That is absolutely and undeniably true. He claims he defended this person, but this person is now in a U.S. jail and could be sentenced to prison for 137 years. I hope he never gets a chance to defend me, I would not want that. [end recording]

Today Gill Oporto's criticisms prompted a strong reaction from the diplomatic corps, which sent a formal protest to the Paraguayan Foreign Ministry. Apostolic Nuncio Sebastian Laboa uttered undiplomatic remarks about Gill Oporto. At the meeting with other members of the diplomatic corps, Laboa reportedly warned that if the Paraguayan Government failed to make clear its position the nunciature in Paraguay could be closed down.

[Begin recording] [reporter Anibal Gomez] The meeting at the nunciature was attended by 17 ambassadors and representatives of the U.S. and South African embassies.

The diplomats decided to give their support to the ambassadors of the United States and Germany and Apostolic Nuncio Sebastian Laboa.

The diplomats decided to issue a press communique and formally protest to the Paraguayan Foreign Ministry for the behavior of Deputy Sandino Gill Oporto.

The diplomats rejected Gill Oporto's charges as inappropriate and untruthful. In the communique, Ecuadoran Ambassador Gustavo Cordobez Pareja said that the deputy's groundless charges that the Chamber of Deputies supported do not contribute to further improving Paraguay's excellent relations with the international community. He added that should these attacks continue they could undermine these relations.

Although the diplomats are trying to get the government to repudiate the deputy, the apostolic nuncio said that Gill Oporto's charges have never worried him.

[Laboa] I have never attached any significance to these charges because I have told myself that this person was mentally unbalanced and I never pay attention to crazy people.

[Foreign Minister Alexis Frutos Vaesken] I want to tell you all that this is the opinion of a single person which in no way compromises the Executive Branch. The Executive Branch has its own channels of expression. We will study the diplomats' note and issue the answer it deserves. [end recording]

Chamber Turns Down Investment Agreement With Low Countries

PY2806172193 Asuncion NOTICIAS in Spanish 26 Jun 93 p 7

[Text] On 25 June, the Chamber of Deputies turned down a bill on the Investment Promotion and Protection Agreement signed in The Hague between Paraguay and the Low Countries.

The Senate had approved the bill and sent it to the Chamber for final approval. In its decision, the Foreign Relations Committee recommended rejecting the agreement, alleging it is not in the best interests of our country.

It has been said that Article No. 6, on expropriations, was the most questioned point. Jose Felix Fernandez Estigarribia, the committee's chairman, said the article is clearly unconstitutional.

He pointed out that the article establishes that expropriations can only be implemented in the public interest, while our Constitution authorizes expropriations for social uses, therefore the agreement contradicts the Constitution.

Fernandez Estigarribia also indicated that it would be advisable for the Foreign Ministry to renegotiate the agreement and send it again to Congress.

He said: "This appears to be a doctrinal discussion, but it is important because this agreement allows parties to choose between the Paraguayan Courts or international arbitration, in other words, the affected party could request international arbitration."

Fernandez Estigarribia also said that this agreement could at any time have affected national interests and it would have been very difficult to make our principles prevail, therefore the committee recommended its disapproval.

In its extraordinary session on 25 June, the chamber approved with unusual alacrity a series of agreements that have been signed by our country.

Study Indicates Poverty Reaches 54 Percent of Population

PY2806191093 Asuncion ABC COLOR in Spanish 26 Jun 93 p 13

[Text] Professionals grouped under the Paraguayan Center for the Promotion of Economic Freedom and Social Justice [Centro Paraguayo para la Promocion de la Libertad Economica y de la Justicia Social] (Cepro) have conducted a survey of 2,039,533 inhabitants of rural area. The survey showed that 1,652,000 of them live in a state of poverty, in other words, they cannot cover their basic food requirements with their incomes.

The evaluation contained in its "Economic Policy Proposal: Overall Outlines" which has been submitted to the political parties, the non-government organization clarifies that nationally this level drops to between 34 and 40 percent.

Basic poverty, insufficient income to cover basic food, housing, and clothing etc. requirements, throughout Paraguay reaches 54 percent. Of a total population of 4,123,550 inhabitants—the provisional figure based on the 1992 population and housing census—more than 2,226,700 persons fall under this heading.

Lorena Ocampos, the coordinator of the Cepro document, said: "No matter what social and economic indicators are used, living conditions in rural sectors can be termed critical and strongly discriminatory compared to urban centers."

She adds that the poverty level must be added to other negative social indicators such as education, health, and housing, "which reveal the great difficulties rural families face gaining access to basic services."

Regarding education, which defines a country's potential for economic and social development, Paraguay is facing innumerable problems, according to the Cepro. Ocampos said: "There is a large difference between the excessive demand for education in the country and the low level of service available."

She maintains that, although the nominal income of teachers has improved, the Education Ministry "has done little or nothing to increase investments in this fundamental sector."

The document of the non-government organization states that only 70 percent of school-age children finish their primary education, while in the rural areas the figure is clear: Only 29 percent of those who register complete the 6th grade.

"School desertion amounts to 37 percent, due exclusively to the lack of school services. In other words, school-age children do not have access to education due to the lack of local schools," it concludes.

Armed Forces Prepare Joint Maneuvers For 7-8 July

PY2806161693 Asuncion NOTICIAS in Spanish 26 Jun 93 p 4

[Text] Defense Ministry sources have stated that the joint maneuvers to be carried out by the Army, Navy, and Air Force will cost the state 15 million guaranies.

If the maneuvers last two days then the cost will increase to 30 million guaranies in view of the logistic support that this type of operations require.

On 7-8 July the combined forces of the three branches will carry out military maneuvers around the town of Limpio, Emboscada, Arroyos y Esteros, and the Artillery headquarters in Paraguari.

Each year, within the framework of Armed Forces' activities, maneuvers are carried out to keep the troops trained for possible developments.

Military sources have stated that General Andres Rodriguez has been invited to observe the deployment of troops on the first day of maneuvers.

Last week, Army troops headed by General Pedro Ocampos inspected the areas where the operations will take place.

Peru

Fujimori Says Press Must Be Free But Responsible

PY2506213993 Lima EL PERUANO in Spanish 14 Jun 93 p A3

[Text] President Alberto Fujimori yesterday reiterated the government policy of full respect for freedom of the press and rejected any attempt at attacking this right.

"I could not permit any type of veiled threat against that freedom," the president said.

Fujimori said, however, that citizens and public servants have the right to demand a rectification and to have their own freedom of expression respected, within the framework of the democratic system, which means that they have the right to reply to the media.

An institution has the right to evaluate any information and make clarifications to the media if it thinks that what was said is not correct. Obviously, the media also can answer within the rules of the democratic game, the president said.

Fujimori also said that the draft communique released by the Army asking that the institution's image not be besmirched was correct. "I do not think citizens would accept the tarnishing of our Army's image," Fujimori said.

The president said that perhaps the institution has trespassed certain norms of good behavior at one point but there was no intention of doing so, and now the situation has returned to its normal level.

The president said he was surprised by the attacks against General [Nicolas de Bari] Hermoza considering that he is carrying out a successful campaign against subversion, thanks to a government strategy, while nothing was done in the previous 12 to 13 years to end this scourge.

The president said he supported Hermoza and that he should remain in this post, working to eliminate the MRTA [Tupac Amaru Revolutionary Movement] and the Shining Path. Fujimori said he would not accept indications from traditional politicians as to who should leave "because I am the Armed Forces' supreme commander and I make those decisions."

Survey Puts Fujimori Approval Rating at Highest of Year

PY2506214193 Lima EXPRESO in Spanish 15 Jun 93 p A2

[Text] The last survey conducted by Apoyo S.A. gives President Alberto Fujimori a 66 percent approval rating, his highest so far this year. It is an improvement over the 59 percent he obtained last month, which was in turn surpassed only September and October 1992, just after Abimael Guzman's capture. On those occasions the president obtained 74 percent and 68 percent approval ratings, respectively.

The increase is largely due to his trip to Japan and the ROK, which was approved by 77 percent of those questioned. The fight against subversion also continues to benefit the president because in June 67 percent of those questioned approved the government's performance in this field, and 52 percent of those questioned think the Shining Path will be defeated. (It is worth pointing out that 3 percent of those questioned think the Shining Path will end up victorious. This must be the percentage of the population that approves of its violent campaign.)

Fujimori, then, seems to be recovering the ground he appeared to be losing in past months, which produced much analysis—a hasty exercise if we judge by the figures. Many world leaders, with Bill Clinton at the head of the list, would die of envy if they knew these figures.

But there are some figures in the last Apoyo survey that should begin to worry the president. The figures point to a resurgence of the political opposition to the government, which also obtained the highest approval rating so far this year: 35 percent. The opposition's lowest approval rating this year was in January with 20 percent and the highest in February with 30 percent, indicating a curious variation from one month to the other.

It would be interesting if the team of pollsters headed by Alfredo Torres makes a distinction in future surveys between the "participating" opposition—Renovacion [Renewal Movement], MDI [Democratic Left Movement], PPC [Progressive Christian Party], etc. and the "ultra" opposition—AP [Popular Action], APRA [American Popular Revolutionary Alliance], and Libertad [Libertad Movement]. In this way we would see which way the opposition is actually going.

In any case, the opposition is possibly feeling invigorated by the low percentage of people who support the direct reelection of the president: 41 percent according to Apoyo's survey, and 58 percent according to the Datum survey published in EL COMERCIO on 13 June.

In both cases the approval of the immediate presidential reelection is far from being overwhelming, leaving some margin for optimism among the political sectors that already are thrilled with an eventual victory of the "no" in the plebiscite to approve or reject the renewed Constitution.

Foreign Ministry on Role of Human Rights Organizations

PY2606001393 Lima EXPRESO in Spanish 16 Jun 93 p A3

[Text] Yesterday the Foreign Ministry asked for the cooperation and active participation of government organizations in the efforts of the Peruvian people to pacify the country, and reiterated its willingness to let these organizations verify, in situ, the reforms being implemented in the national prison system.

The Foreign Ministry's official communique No. 15 was prompted by rumors spread by the Human Rights Watch organization that, in a recent report on the situation of Peruvian prisons, stated that in May the government denied it the necessary authorization to visit various prisons in Lima and the provinces.

As a result of this report, the Foreign Ministry ratifies that the Peruvian Government has granted several organizations, such as the Red Cross International Committee and the Inter-American Human Rights Commission, "all the necessary means and support to carry out its duties as established, in each case, by the international community."

The Foreign Ministry also publicly acknowledges the important role played by nongovernmental organizations in the defense of human rights in the search for pacification and reconciliation. It states, however, that in view of the fact that there are no precise agreements endorsed by the international community, the Peruvian Government assesses the requests on this and other subjects these organizations may make "case by case."

In the communique, the Foreign Ministry refers to the deplorable state of Peruvian prisons for many years. The document adds that this situation has been overcome because we have vindicated the principle of human dignity and restored discipline and authority in the national prison system.

It adds that the comprehensive reform being carried out in this field has made significant progress that, at the time, has allowed the Inter-American Human Rights Commission to state: "It finds the prison policy implemented by the government positive, therefore, it encourages it to continue improving it."

APRA Secretary General Unable To Reorganize CEN

PY2506211793 Lima CARETAS in Spanish 17 Jun 93 pp 23-24

[From the "Deep Sea" page: "Disarming Armando"]

[Text] Twenty-five days after the American Popular Revolutionary Alliance [APRA] national plenum, when Armando Villanueva del Campo was elected its secretary general, he has not yet been able to restructure the party's National Executive Committee [CEN]. His friends attribute that delay to heart problems that put the old APRA leader in bed for several days at San Borja Hospital, but other reports claim the failure is due to the methods employed by Villanueva.

Sources from APRA headquarters state that Armando Villanueva has offered the Aprista Party of Peru Under Secretariat General to Luis Alva Castro, Luis Negreiros Criado, and Benigno Chirinos, as well as to Abel Salinas and Ilda Urizar. While offering the post to one, he also was proposing it to another. And since everything is known in this time of communications and gossip, it was quickly understood that the proposal was not serious. The latest proposals have reportedly reached Trujillo Mayor Jose Murgia and former congressman Carlos Roca Caceres, according to reports from APRA headquarters.

Another faulty method employed by Villanueva reportedly is increasing the number of posts within the CEN to avoid the dismissal of current members, to whom he owes his new post as secretary general. It is easy to understand that no reorganization is taking place within the top party organization, but that bureaucracy is increasing. Armando is disarming.

Daily Proposes Plebiscite on Presidential Reelection

PY2506171993

[Editorial Report] Lima EXPRESO has carried a series of three editorials on the reelection of the incumbent president for a consecutive term in office. The three 500 word editorials, which are entitled "Reelection: Neither Totem nor Taboo," have been published as parts I, II, and III on pages A20, A24, and A18 on 10, 11, and 13 June, respectively.

Upon reviewing the pros and cons of the reelection of an incumbent president, and after citing precedents in Latin America and the world, EXPRESO suggests that a plebiscite should be called to decide the issue. It contends that "the people, through a secret and direct vote, must either approve or reject the reelection of an incumbent president for a consecutive term. The plebiscite must include clear, specific questions taking into account the experience accumulated by the United States in this respect. We should follow the four-year term used by the United States so that a reelected president would be in office for only eight years, instead of 10."

In the third editorial, EXPRESO outlines three measures that should be adopted if an incumbent president is to be reelected. They are: To create a truly representative and independent electoral body; to establish the run-off election system in the constitution; and to require that an incumbent president seeking his reelection must step down from office six months prior to the election date.

On page A24 of its 11 June issue, EXPRESO also carries an 800 word article by constitutional expert Domingo Garcia Belaunde. The article, which is entitled "Old Wine in New Containers," points to "serious deficiencies" in the draft constitution published on 20 May by the official gazette EL PERUANO. After noting syntax errors and conflicting ideas, Garcia states that "the draft constitution has practically nothing new, it is just a repetition of current constitutional provisions. About 75 percent of it is just a copy with slight variations of the 1979 Constitution." He also contends that the draft is too long. He says: "While the 1979 Constitution has 307 articles, the draft has 317 articles."

Paris Club Provides Millions in Aid, Loans

PA2806214393 Lima Panamericana Television Network in Spanish 0200 GMT 28 Jun 93

[Text] Paris is, by tradition, a meeting place for debtor countries and their creditors. During the week of 21 to 27 June, however, a meeting took place at which was discussed the need for support to relieve extreme poverty in Peru instead of dealing with the country's debts. The results are well known. The creditors assigned approximately $900 million for social programs, under good terms. How did this come to be? Here is the story.

On the sunny European morning of 21 June, the Peruvian delegation headed out for World Bank headquarters at 66 d'Iena Avenue. There they met with multilateral organizations and with the countries that make up the so-called Peru Advisory Group or donor countries. The Peruvian delegation included Economy Minister Jorge Camet; Roberto Abusado, his head adviser; Arturo Goodman, executive president of the National Fund for Social Development and Compensation [Foncodes]; and other high-ranking Economy and Finance Ministry officials. Also present were the World Bank, as host; the IMF; the Inter-American Development Bank, and other multilateral organizations. In addition, 13 of the developed countries were present, including the United States, the UK, France, Japan, and others.

All those present were aware of Peru's situation. They had all read the working document prepared by the Economy Ministry and Foncodes, in addition to the individual surveys each organization made regarding Peru. Even so, several concepts remained to be presented and doubts to be cleared up to assure the donor countries' positive disposition.

After the opening speech by Reiner Steickman, who presided over the meeting, (World Bank Economist Edgardo Fabaro) and IMF official Luis Duran presented the current economic situation in Peru, its recent evolution, and future perspectives. Mr. Fabaro praised the way in which Peru has managed to bring down inflation and control government spending. Mr. Duran highlighted the progress achieved through the economic plan since 1990, the state of the rebel reintegration program, pacification, and the social support plans carried out by Foncodes.

Economy Minister Jorge Camet stated that, although the government is pleased with the progress made, there is still much to be done, particularly in the field of social assistance. Without adequate attention to the needs of the poor, the reforms, the peace process, and the state modernization plan cannot be completed. To do so, the government created Foncodes, the main agency for funneling funds to social assistance programs. Foncodes Executive President Arturo Goodman said the agency has more than 10,000 projects in progress or ready for implementation, all of which are directed at improving living conditions of the more needy by taking advantage of their skills and creating jobs for the unemployed. He stressed the nonbureaucratic nature of Foncodes and its extensive use of modern technology to supervise and control agency projects.

[Begin recording, UNICEF Representative Juan Aguilar] UNICEF can only feel satisfied with the strategy, as it

will allow us, as well as all the other agencies, nongovernmental organizations, the government, and the people to better direct their efforts to relieve the effects of the economic crisis and the adjustment measures. [end recording]

After painstaking discussions, the parties agreed that Peru is recovering economically, moving on with the peace process, and showing significant progress in human rights.

[Begin recording] [Abusado] It is very pleasing to see for the first time that efforts are being made to improve the quality and the treatment given to human rights and the care these matters are given. In the past Peru has had to face a certain amount of misunderstanding regarding the way it must deal with the human rights issue under internal war conditions. Today we heard the German representative, speaking on behalf of the EC, and the U.S. representative spontaneously praising Peru's efforts and its results in this area.

[AID Representative George Wachtenaeim] The social program the Peruvian delegation has presented is truly an essential component in its pacification process and its economic development goal for the coming years. Hence, I believe that Peru will receive the support of the international community present here at this two-day meeting. [end recording]

The final results were announced by World Bank Representative Reiner Steickman and Jorge Camet.

[Begin recording] [Steickman in French with simultaneous Spanish translation by Camet] The friendly countries have expressed their ample support for our poverty relief efforts and will make a significant contribution in different forms of approximately $900 million over the next two years.

We must bear in mind, however, that the exact amounts, the terms, and the specific use of the funds will be defined in bilateral meetings later on. This is a very important achievement, but we must not think that Peru's problems are over, as much remains to be done.

[Camet] This is the first time we have met in conditions other than as creditors and debtors trying to find solutions to our overdue payments. This is the first time we have sat down to really analyze the degree of progress in the economic plan and the government's strategy to fight poverty. We have also studied Foncodes' cost efficiency ratio, as the organization we created to carry out this task, and this impressive amount is the result. I would like to point out two things, though. First, the individual amounts per country will be applied to various social programs using several different financial methods. In some cases, for example, certain private loans will be paid for through poverty relief programs; in the form of donations; other funds may come as loans of capital goods; still others as donations of capital goods to be sold, the proceeds of which will be used to fight poverty. All these details will be defined in bilateral negotiations and agreements with each of the 10 countries present here.

The second concept, to conclude, is that Peru must be persistent in implementing these programs. We must strictly apply them and strive to meet all our goals. The seed we planted has just sprouted. We still have to wait for the harvest and, therefore, we must not have any illusions. We must be persistent and continue moving forward. [end recording]

Counterterrorist Group Identifies New Shining Path Leaders

PY2806225393 Buenos Aires TELAM in Spanish 2056 GMT 28 Jun 93

[Text] Lima, 18 June (TELAM—SNI)—Dincote [Counterterrorism Directorate] sources reported here today that 39-year-old psychologist Maria Jenny Rodriguez, aka comrade "Rita," has become the leader of the terrorist Maoist Shining Path gang in Lima.

Dincote could also identify the other new leaders of the terrorist movement.

According to a report released by Channel 4 of Lima, the police managed to identify the members of the Shining Path "top leadership," which had been a mystery after the arrest of Abimael Guzman.

The police found out that Rita heads the "metropolitan central committee," the organization's main cell, which operates in Lima.

The Maoist leader was born in the southern Andean city of Arequipa, served a prison term from 1982 to 1985, and was then released on bail. Little was known about her activities thereafter, and her name never came up in speculations about Guzman's possible successors.

The new "second-in-command" of the organization is Ostap Morote, 46, from Cusco, the brother of Osman Morote, who was captured in the late 1980's, when he was "President Gonzalo's" second-in-command. Several Morote family members are linked with the Shining Path.

Edmundo Cox Beuzeville, 38, is the organization's third-in- command in Lima and also the military chief of the Lima cell. Despite being one of the organization's more outstanding leaders, he was released on three occasions, the last time in 1991.

According to information provided by "repented" Shining Path members who turned themselves in to authorities, the gang was planning to free leader Abimal Guzman, who is being held at a high security prison at a navy base in Callao, the port of Lima.

Guzman and his staff were arrested in Lima on 12 September 1992, and were sentenced to life imprisonment on 14 October 1992.

The repented Shining Path members added that Teresa Durand, aka Comrade "Doris;" Margie Clavo, aka "Nancy;" and Oscar Ramirez Durand, aka "Feliciano," head the gang in northern, southern and central Peru, respectively.

"Rita" reportedly ordered the murder of Pedro Huillca, the secretary general of the Communist CGTP [General Confederation of Peruvian Workers] labor central, in December 1992. The murderers, who were later captured, have been sentenced to life imprisonment.

"Rita" is also charged with ordering the murder of former Villa El Salvador Mayor Michel Azcueta, who on 16 June 1992, during the attempt on his life, was shot and injured in his left leg.

Gilberto Siura, Congressman of the Change 90-New Majority government alliance in the Democratic Constituent Congress (CCD), yesterday said that the Shining Path's new "top leadership" will soon be caught by the law.

Peruvian President Alberto Fujimori on Saturday announced that the Tupac Amaru Revolutionary Movement (MRTA) will be dismantled in 1993, and that stronger pressure will be exerted on the Shining Path in 1994.

Fujimori reiterated that the two terrorist movements "will be annihilated" by the end of his term in 1995, adding that most of their leaders are in prison.

The Shining Path has undergone an obvious leadership crisis after the arrest of Guzman, whose presence in the organization was almost mythical for the members of the movement. Guzman was arrested along with Iparraguirre, a woman who was his "second-in-command."

Over the past few months, several members of the fundamentalist group of the organization have been arrested, like Laura Zambrano and Martha Huatay, among others, an action that has made even more difficult the recomposition of—as the United Nations put it—"the western hemisphere's most cruel and bloodthirsty group."

Counterterrorism Directorate Presents 11 Rebels

PA2506204393 Lima Global de Television Network in Spanish 0100 GMT 25 Jun 93

[Text] The National Counterterrorism Directorate has presented 11 Shining Path rebels who formed part of the Southern Area Political Military Command of that bloodthirsty organization. The 11 subversives of the communist Shining Path were presented to the media after being captured by police in Arequipa. They are members of the Shining Path Southern Area Committee [Comite Zonal del Sur], which was in charge of the subversive activities in Arequipa, Moquegua, and Tacna.

The subversives are: Benedicto Rosas Diaz, alias Comrade Carlos, head of the Area Committee for annihilation in Arequipa, Moquegua, and Tacna; Julio Rodriguez Delgado, alias Comrade Julio, head of logistics and of the People's Aid group of the Shining Path Area Committee; Emilio (Capatinta Suliacani), combatant in the Arequipa area; Isauro Quispe Quispe, alias Comrade Daniel, combatant in the Arequipa, Moquegua, and Tacna area committee; Juan Gutierrez Guamani, alias Comrade Fernando; Elmo Miguel Cayata Guevara, alias Comrade Elmo, responsible for political work at the National University of San Agustin [UNSA]; (Yonel) Quispe Chunga, alias Comrade Jose, support personnel; Marcial Luna Corici, alias Comrade Freddy, support personnel and worker at the UNSA; Flor De Maria Gutierrez Moyogon, alias Comrade Nancy, support personnel who lent her house to the communist party Shining Path; Lourdes Choque Picona, alias Comrade Carmen, fighter of the communist party; and Edgar Montanes Capana, member of the annihilation and sabotage commando.

'Suicide Commando Unit' Reportedly To Rescue Guzman

PA2806015693 Lima Radio Programas del Peru Network in Spanish 0013 GMT 28 Jun 93

[Text] A terrorist suicide commando unit reportedly is preparing an attack to rescue Shining Path leader Abimael Guzman from the naval base in Callao. Thus was reported by Alejandro Tapia Kispe, Comrade Gregorio, a former political leader of that terrorist organization, in Sello de Oro, Ayacucho. Tapia indicated that Oscar Alberto Duran Ramirez, Comrade Feliciano, considered Guzman's successor, had advised the area leaders of the suicide commando unit's formation. Tapia did not indicate the date of this information.

* Effects of Guzman's Capture on Shining Path

93WR0267A Lima CARETAS in Spanish 20 May 93 pp 28-29

[Article by correspondent Gustavo Gorriti:"Shining Path's Dilemmas"]

[Text] During the first 12 years of the domestic struggle that began in 1980, Abimael Guzman was the major source of Shining Path's strength. From the underground Guzman managed to firmly identify ideology and doctrine with his person. As Shining Path grew because of Guzman, Guzman cast a lengthening shadow over Shining Path's expansion. A synergistic effect was thus created between the strengthening of the organization and the cult of its guru.

The 13th anniversary of the tragic start of the war is the first that Shining Path has spent without its leader. The worst part for them is that Guzman was captured under conditions that could hardly be more damaging. If Guzman had died or had disappeared, if he had become a certain martyr or if he had vanished mysteriously, the

physical presence of the leader would have been replaced by the legend of the founding prophet.

But since Guzman is alive, in jail, and defenseless, under the constant threat of mistreatment, humiliation, or even execution, the relationship between Shining Path and its guru is completely transformed. They cannot turn him into a legend because the flesh-and-blood human being is still alive, under the clearly demythologizing conditions of confinement.

Most importantly, however, and what is worst for Shining Path, Guzman is no longer fueling the war and the war is no longer fueling Guzman. Quite the opposite. Guzman is a de facto hostage of the government, and his well-being implicitly depends on what Shining Path does. From Shining Path's current perspective, intensifying the war harms Guzman, and helping Guzman harms the war. What used to be its major source of strength has become its main source of weakness. The synergistic relationship has turned into an entropic one.

This is a nightmare scenario for Shining Path that it was surely not prepared for and that has forced it to enter into a tacit dialogue with the State that has so far steadily worn it down.

How is this tacit dialogue being carried on? Not much differently than in certain hostage situations. Given the supreme value that Shining Path attaches to safeguarding Guzman and assuring him some degree of well-being, its relationship of dependence on the State is an established fact. In seeking to set up a counterweight in these unspoken negotiations, Shining Path had to demonstrate a degree of operational capacity that would give it a credible deterrence, while at the same time avoiding the sort of actions that would upset the balance and trigger reprisals against Guzman.

The resolution of the Shining Path Central Committee last December implicitly offered such a compromise under the cover of the usual warlike prose. "We are warning you" they say, mentioning Fujimori, the Armed Forces, etc., "...that you are responsible for the life and health of our chief. If anything should happen to him, you will pay with your lives and the lives of all those like you, no matter what it costs." In other words, if nothing happens to Guzman, nothing will happen to the people under threat, because Shining Path realizes clearly that if it did something, it would no longer have a deterrent.

Given this precarious balance, Shining Path has little to gain. Regardless of what the Fujimori regime's propaganda and psychological warfare organs might argue (and, it must be repeated, the regime had nothing to do with Guzman's capture), the substance of the Shining Path organization does not seem to have been tangibly damaged, though the intangible damage is what counts. Most of the regional committees may remain basically intact, and a major part of the Central Committee may remain in action. But the organization's strength does not lie in its muscle but rather in its ability to project the image that it has more power than it actually does, the image that it has the initiative, is on the move, and is not strategically vulnerable. This image not only softened resistance outside the organization but was the main cohesive force inside it as well. Guzman's capture, and above all his imprisonment, was a torpedo under the water line of that image.

Even Shining Path's virtually official organs cannot help conveying the impression that the organization is desperately trying to control the damage, to patch up holes. EL DIARIO 627, for example, prints "denunciations" of people who, in its name, "have despicably stolen the money that the self-sacrificing masses have donated to this newspaper...We warn them to cease their lawbreaking and misdeeds...." "Warnings" such as these used to be rare, when Shining Path's capacity to intimidate was effective both on the inside and the outside, and the general assumption was that stealing money from EL DIARIO was not exactly a business with much of a future.

Along with the overriding decision to "Defend Chairman Gonzalo's life!" Shining Path's Central Committee made another crucial decision last December: maintaining "its full and unconditional subordination to the single leadership of Chairman Gonzalo and the entire system of party leadership."

By keeping Guzman at the summit of the Shining Path Olympus, the current leadership will probably restrict itself to provisional, tactical, and immediate matters. It may keep on trying to apply Guzman's speech behind bars as a strategic guide, at times amid virtually schizophrenic contradictions. This will widen the path of erosion on which Shining Path now finds itself.

Does this mean that Shining Path has already been badly wounded and that if it has not yet lost the war, it is near the beginning of the end? Not at all. Shining Path was stunned but not knocked out by Guzman's capture. Its organization has retained the capacity to coordinate and function nationwide, and it remains a major presence in many areas of the country.

On the other hand, the survival of the Fujimori dictatorship will have an inevitably polarizing effect, no matter how strongly it conveys to some the illusion of short-run effectiveness. Even in its current circumstances, Shining Path will take advantage of this polarization to some degree.

Finally, any major change in Guzman's current status would shatter the tense balance of tacit negotiations and, at least for a time, would bring heightened violence.

Because of Guzman's capture Shining Path has suffered sudden setbacks, has become disoriented, and has foundered on dilemmas, such as the ones we have described. This was an important victory for Peruvian society, and it would have had dramatic consequences under a democratic regime that was determined to defeat Shining Path by strengthening the system. But it will not under a regime like the current one, owing to its structural

defects, since it used the war against Shining Path as a pretext for toppling democracy.

* Shining Path Monthly on 'Tasks, Goals of Revolution'

93WR0255Z Brussels EL DIARIO INTERNACIONAL in Spanish Mar 93 pp 13-15

[First in "a series of interpretative articles on the 24 September 1992 speech by President Gonzalo," nom de guerre of Abimael Guzman Reynoso, founder of the Peruvian Communist Party (Shining Path) [PCP-SL]; first paragraph is EL DIARIO INTERNACIONAL editorial introduction]

[Text] With this first installment we begin a series of articles interpreting what was said by President Gonzalo in his speech of 24 September 1992. The message has profound political and programmatic substance. It is necessary to attempt to explain it. To do this, we will refer, in support of our analysis, to the exact words of Doctor Guzman and also to documents of the PCP. This article, which is Part 1 of a larger study, only covers the first paragraph of the message of the leader of the revolution.

In his speech on 24 September 1992 President Gonzalo said: "We are living through an historic moment. Each one of us must clearly understand that this is the case. Let us not be deceived. At this time we must bring to bear all of our forces to deal with the difficulties facing us and to continue carrying out our tasks. Reach our goals, achieve success, and be victorious! That is what must be done."

An Historic Moment: Carry Out Our Tasks; Achieve Our Goals

The ideas expressed by President Gonzalo summarize the solid, scientific ideology of the proletariat (Marxism-Leninism-Maoism) underlying the conduct of the people's war led by the Peruvian Communist Party (PCP). In the speech by Dr. Abimael Guzman there is not a single extra word. There is no idea which does not relate to the theory and practice which guides the actions of the Peruvian communists. His speech reaffirms the strategic objective of carrying on the armed struggle until we seize power and establish the new state. In the light of the message of its revolutionary leader the party should continue to be guided by the general, political line of the revolution and by its strategies and plans to achieve victory in an unrelenting way.

The speech by President Gonzalo of 24 September 1992 has a political parallel to and the same intensity as that memorable speech of 19 April 1980 entitled, "We Are the Initiators," when barely one month remained before the beginning of the armed struggle. In that speech Dr. Guzman Reynoso spoke "openly, in a determined way, and using the thought behind his feelings," as he himself said, to outline the beginning of the historic moment when the Peruvian people would begin their struggle for liberation. Both occasions, in 1980 and in 1992, separated by 12 years, reflected the perfect communications which existed between this extraordinary leader and the mass of the people and which incarnated the will and sacrifice of a people determined to commit everything which they had to achieve their freedom.

The Historic Moment

The concept of the historic moment is related to a social process in Peru which has been under way for nearly 100 years. This period included the birth of incipient capitalism, the rise of the proletariat, the struggle between social classes, and the decay of the landowning and bureaucratic state. At the present time these phenomena are being expressed in a series of developments which are making two facts prevail in a relevant way: the people's war as the principal, political axis, and the decay and destruction of the old, Peruvian state. This analysis is supported by actual reality and by rigorous, scientific thought interpreting Peru. These are marxist theses related to the process of the class struggle and the theoretical analysis of Peruvian society, whose substance was derived from Jose Carlos Mariategui, founder of the Peruvian Communist Party (PCP), and Doctor Guzman, who not only had the merit of once again following the path of Mariategui and reestablishing the PCP, but also, by applying Maoism as the third stage of Marxism, developed and deepened the theoretical analysis of Peru and provided the party and the people with the necessary means for undertaking and carrying on a people's war.

In several of his theoretical works President Gonzalo has described the character of Peruvian society (a semifeudal and semicolonial society in which bureaucratic capitalism is developing). He has described the character of Peru (as a landowning, bureaucratic state) and has delineated the social classes in Peru with great precision, including the big bourgeoisie and its bureaucratic and comprador factions, the proletariat, the farmers, and the petty and national bourgeoisie. As a part and complement of this theoretical contribution he has identified the social classes which, led by the proletariat, are participating in the struggle for liberation.

Doctor Guzman summarized the historic, Peruvian process in the following way: "We have an understanding of the way in which contemporary, Peruvian society functions, meaning in this respect what was begun in 1895. We consider that the process which we are living through at present began at that time. We think that this process had three stages. There was an initial stage in which the foundations were established for the development of bureaucratic capitalism. A second stage took place after World War II, because until then the first stage of expanding bureaucratic capitalism continued. The deepening of bureaucratic capitalism helped to establish the conditions for the revolution. With the beginning of the people's war in 1980 we entered the third stage involving the general crisis of bureaucratic capitalism. The destruction of contemporary Peruvian society has begun because it was historically worn out. Consequently, what

we are seeing is its final stage. It is right to do battle, to struggle, and to fight to bury it." (Interview of President Gonzalo in 1988.)

The spread of the people's war and the inevitable victory of the PCP summarize the fact that an historic moment now exists in Peru. This is shown in the development of strategic balance, as the second phase of a prolonged war, a stage in which the PCP and the masses prepare to go over to the strategic offensive of the revolution and seize power throughout the country. This stage is richly marked by the growth of people's committees as an expression of the new government and of the emerging People's Republic of Peru. Each day the line by which the countryside surrounds the cities tightens. The capital itself (Lima) is now a city surrounded by the armed masses led by the PCP. The old state has retreated, abandoning immense areas of the country. The officially recognized political parties, which have plunged into total discredit, are going through a definite process of decay and are unable to continue to perform their role of supporting the state. All of this is a part of the historic moment to which the leader of the Peruvian revolution has referred.

The Tasks

The tasks for the Peruvian Communist Party and for each of its members are based on the scientific ideology of the proletariat, on the general, political line of the revolution, and on the principles and program of the party. Furthermore, these tasks have been defined in specific terms by the party leadership and are contained in each of the plans and campaigns being carried out in the people's war. On 3 December 1979, one year before the people's war began, President Gonzalo referred to this problem in a memorable speech and stated the duty of a communist fighter:

"I am also fighting and struggling to bring down the walls of this old order. I also am a fighter in the First Company of the First Division of the People's Army. Like you, I have only one aim: to serve my people, to base myself on the masses who are our support, and to fight for proletarian internationalism. In the International Communist Movement (ICM) we have a single flag. Marx raised it, Lenin followed it, and Mao lifted it higher. It is and will be a light which will never be dimmed. We have stood up, and I will do what I have to do. What is important to me is to do my job well. We communists do not hope for anything but to serve communism. My decision is also yours. I will also be a simple soldier in the First Company. I will do what must be done. I will do what should be done. I do not hope for only one thing: to serve communism. This is also a commitment." (Broadened National Conference held on 3 December 1979.)

Tasks of the EGP and Party Organizations

The tasks to be accomplished, both by party members as well as by each party organization, are specific. Each service or organization of the party has a specific function. Everything is a function of the people's war and the seizure of power. For example, the People's Guerrilla Army (EGP), one of the three instruments of the revolution, performs the following tasks: fighting, mobilizing, and producing. "The second task of the army, or mobilization, implies mobilizing, politicizing, organizing, and arming the masses. This is a task which is not in conflict with fighting, which is the principal task, since it applies the principle of concentrating for combat and dispersing for mobilizing the masses." (From "Bases for Discussion," a PCP document published in 1988).

The People's Guerrilla Army (EGP), a force which supports the new state, was organized in such a way that it will not be a burden on the people. The EGP also participates in the process of production. And this is one of the ways in which it differs from reactionary armies, which not only hold the people down but which live like parasites on the gigantic budget of the state. They are specifically supported by the exploitation of the workers.

In the course of carrying on the people's war the PCP has established solid, mass organizations which carry on intense activity, including mobilization, leadership, and also ideological education, within the working class, among the farmers, the petty bourgeoisie, and among intellectuals, including students, women, and in every oppressed social group which is potentially an ally of the revolution. In the case of the party organizations, their tasks are determined by the party leadership. Their activity relates to their place in the social fabric of Peru. The Revolutionary Movement for the Defense of the People (MRDP), which operates in the cities, has the task of bringing together around it, "The mass of the workers, farmers, and petty bourgeoisie, neutralizing the middle class bourgeoisie, and aiming at the democratic forces which are for the war." All of this, as the PCP says, is to prepare the masses for the uprising in the cities.

The Movement of Class Laborers and Workers (MOTC) has the special task of mobilizing the workers, combining the struggle in support of the workers' claims and the struggle for power. The Neighborhood Class Movement (MCB) carries on its task in the poorer areas of the cities. The Poor Peasants Movement (MCP) carries on its work in the countryside, both in the Andes Mountains as well as in other parts of the country. The Popular Women's Movement (MFP) carries on intense activity among women. The Popular Youth Movement (MJP) works with young people, principally with the poorest among them. The Popular Intellectuals Movement (MIP) coordinates activity within the intellectual community which the war is developing. The Peruvian Peoples Movement (MPP) was established "for party work abroad." The People's Aid Organization of Peru (SPP) "has arisen during the people's war as part of the struggle concerning prisoners of war and those who have disappeared." It is clear, and the PCP has said so, that the party organizations have developed with dizzying speed and have strengthened their position within the oppressed social

classes of the country. They contribute to carrying on the armed struggle. They are mass and militarized organizations.

Achieving Our Goals

The Peruvian Communist Party (PCP) was established in October 1928 by Jose Carlos Mariategui and was reconstituted in 1961 by Dr. Abimael Guzman Reynoso. It carries out its basic activities in terms of concrete political and military goals and strategies. The goals are related to the strategy for the seizure of power and the stages of the revolution (the democratic revolution and the socialist revolution).

The goals are stated in the general political line of the party and in the general program of the revolution. President Gonzalo referred to this subject in the interview which he gave to EL DIARIO in 1988. He said: "Finally, a communist party has an ultimate goal for which there is no substitute: communism...It has the central task of the seizure of power for the working class and the people." If anything characterizes the Maoist organization led by Doctor Guzman, it is its firmness in explaining and implementing its plans as a function of its strategic goals.

"The Peruvian Communist Party has communism as its final goal. Therefore, given the fact that present Peruvian society is oppressed and exploited by imperialism, bureaucratic capitalism, and a semifeudal structure, the revolution has an initial, democratic stage and a second, socialist stage, subsequently developing successive, cultural revolutions. At the present time, through a people's war, the party is carrying out the democratic revolution, having the immediate and culminating goal of seizing power throughout the country." ("Fundamental Documents of the PCP," 1988).

The goal which the PCP has set out for the present stage is completing the democratic revolution, which will be crowned by the seizure of state power throughout the country. To achieve this strategic objective of the people's war, the "General Program of the Democratic Revolution" is being followed and carried forward like a flag. Its 14 points include the historic aspirations of the masses. Among the principal points of the program we should emphasize "the total destruction of the old state, the liquidation of the armed forces, the liquidation of imperialist and principally Yankee oppression, the confiscation of all of its property, including foreign debt, liquidating semifeudal property, and turning the land over to "those who work it," liquidating the property of the big, bureaucratic and comprador bourgeoisie, establishing the People's Republic of Peru, and culminating in the formation of the Peruvian nation.

State of Emergency Extended; Terrorists' Lawyers Arrested

PA2606200893 Paris AFP in Spanish 1915 GMT 26 Jun 93

[Text] Lima, 26 Jun (AFP)—A police source reported on 26 June that the former brother-in-law of Argentine guerrilla Ernesto "Che" Guevara and three lawyers who defended terrorists Victor Polay and Peter Cardenas were recently arrested on charges of being members of the Tupac Amaru Revolutionary Movement [MRTA].

It was also reported that the government extended the state of emergency for 60 more days beginning on 26 June in Huancabamba Province, Piura Department, 1,300 km north of Lima, due to continuing violence in the area, a recent decree states.

The state of emergency suspends constitutional rights and places the area under military control. It is currently in force in 60 percent of the national territory and was initiated 13 years ago when the "armed struggle" began.

Although the National Counterterrorism Directorate has not reported officially on the case, it was leaked that one of the aforementioned lawyers, Carlos Gilvonio Conde, is the brother of Dionisio, who was captured with MRTA leader Maria Lucero Cumpa in Tarapoto, San Martin Department, early this month. The lawyer is reportedly a national MRTA leader and member of the rebel organization's legal apparatus.

The two other lawyers, Eduardo Diaz Canales and Flavio Moreno Calvo, are linked to the MRTA by their membership in the Association of Democratic Lawyers, which is regarded as the legal representative of the subversive movement and has participated in the defense of Polay and Cardenas, among others.

The leaders recently arrested include Ricardo Gadea Acosta, an old active member of the Revolutionary Left Movement and former brother-in-law of the Argentine guerrilla Guevara as he is the brother of Guevara's first wife, Peruvian citizen Hilda Gadea. Gadea Acosta is being investigated for his alleged relationship with the MRTA.

Hermoza Says MRTA 'Almost Defeated'

PA2706212593 Lima Panamericana Television Network in Spanish 0300 GMT 27 Jun 93

[Text] General Nicolas De Bari Hermoza, commander of the Armed Forces Joint Command, has stated that the repentance law has been very effective and that more than 100 subversives have surrendered. He added that, thanks to this, the Tupac Amaru Revolutionary Movement, MRTA, is almost defeated as only a few of its leaders, such as Miguel Rincon Rincon and Nestor Serpa Cartolini, remain at large.

[Begin recording] [Hermoza] Advances have been made through our intelligence work and information received

from terrorists who surrendered. The repentance law states that they will receive sentence reductions in accordance to the amount of information they provide leading to the arrest of other terrorist leaders.

[Unidentified reporter] [words indistinct] is practically annihilated and dismantled?

[Hermoza] I believe so. A terrorist organization that does not have a command staff to control its men through communications, logistics, and competent liaison is an organization that has to start using crime as its objective. This is what is happening to the MRTA remnants still working in isolated areas.

[Reporter] [words indistinct]

[Hermoza] Yes, Rincon Rincon and Serpa Cartolini are still at large. I, however, believe those two criminals will soon be caught.

[Reporter] How many terrorists have surrendered so far?

[Hermoza] I believe more....[pauses] We will now start to advance more effectively. The number of terrorists who have surrendered so far is not significant but qualitatively important. Fewer than 100 terrorists have surrendered. Among them, however, are important terrorist leaders. This is what is important. Mid- level MRTA and Shining Path leaders are surrendering.

[Reporter] Are they cooperating?

[Hermoza] Yes, of course. [end recording]

Military Court Sentences Shining Path, MRTA Terrorists

PA2506205893 Lima Global de Television Network in Spanish 0100 GMT 25 Jun 93

[Text] Sixteen terrorists of the Tupac Amaru Revolutionary Movement [MRTA] and the Shining Path received sentences from Military Courts on 25 June ranging from six years to life in prison. The list of sentenced rebels includes Lucero Cumpa. Daniel Espichan, special prosecutor for terrorist crimes, made the announcement.

[Begin Espichan recording] The Peruvian Army's special military secret judge issued sentences on three different cases on 24 June. Maria Lucero Cumpa Miranda was sentenced to life imprisonment and payment of 500 million nuevos soles in civil damages.

Dionisio Raul Limonio Conde and Hector Garcia Neira were sentenced to 30 years in jail and 100 million nuevos soles for civil reparations.

Walter Alvarez Silva and Carito Luz Cornejo Villalobos were sentenced to 20 years in jail and 100 million nuevos soles.

Laura Carolina Curagua Huerta was sentenced to 15 years in jail and 50 million nuevos soles. [end recording]

Clandestine Papers Says 'Defeat of Terrorism' 'Bad Dream'

PY2506225193 (Clandestine) EL DIARIO in Spanish May-Jun 93 p 4 (tentative)

[Unattributed article: "Successful Plans and Campaigns Implemented During 13 Years of People's War"]

[Text] The alleged "defeat of terrorism" is just a bad dream the PCP [Peruvian Communist Party] has been dispelling every day through successful plans and campaigns that have promoted its growth nationwide during the past 13 years.

Proof of the above are the following recent actions: the Armed Strike, an attack on the Quencoro prison (Cusco), an attack on San Andres de Huaraz (Ancash) prison, including the release of political detainees and prisoners of war, and the takeover of a city by EPL [acronym as published] fighters, and so forth.

Thus the PCP has established in practice that the war process is currently in the preparatory stage for the Strategic Offensive. The efforts made by reactionary forces to either create "repented individuals" or to give a false image of "pacification in the country" can be instrumental only in deceiving naive people.

The defeat of the reactionaries becomes more evident in their sharp contradictions as they talk about "pacification in the country" when the rights of citizens have been violated, when 7 percent of the people earn very poor salaries and 80 percent are either unemployed or underemployed, when the rate of tuberculosis cases is rising, and when access to basic education becomes increasingly difficult for the masses of poor people.

Successful Plans and Campaigns

Since the beginning, the GP [expansion unknown] has demonstrated its great progress through four [as published] permanent guidelines: definition, initiation, and development, which include several plans and campaigns.

I. Initial Plan (May-December 1980). It consists of two periods: the Initiation of the Armed Struggle (ILA) and the Fostering of Guerrilla Warfare. It included 1,342 actions.

II. Take-off Plan (January 1981-January 1983). It includes a previous period and three campaigns. Result: 5,350 actions, generating the New Power.

III. Plan for Conquering Bases (May 1983-September 1986). It initially consisted of two campaigns and a major subplan known as Great Leap. It managed to expand the scope of action and consisted of 28,621 actions. Bases of support, zones of operation, and points of action then were created.

IV. Great Plan for Developing Bases. A Pilot Plan (December 1986-May 1989) was initially implemented; three campaigns were carried out, the last of which was

divided into two parts, during which the party was developed, the People's Guerrilla Army (EGP) was built, and the New Power came into being. The total number of actions stood at 63,052 during this period.

V. Great Plan to Develop Bases in Order to Conquer Power. In the beginning, with the First Campaign, 23,090 actions were implemented in four months by the end of 1989. The Second Campaign was able to conquer the Open Popular Committees and, in 1991, the Strategic Balance.

All these actions gave way to the Third Campaign to Promote the Development of Support Bases, which the Plan to Promote closed in July 1991, giving way to a new plan.

Great Plan to Conquer Power

At present we are in the Fourth Plan of Strategic Development of the Popular War to Conquer Power and developing the Sixth Military Plan: To Build Up the Conquest of Power and its campaign: In Defense of the Leadership! Against the genocidal dictatorship.

According to National Defense Institute statistics (which are certainly inaccurate), between 1992 and 1993 the PCP carried out 807 "subversive actions."

October-December 1992: 375 actions;

January-March 1993: 432 actions.

These numbers do not account for actions in distant areas that lack communications and where EPL actions are Constructive.

Therefore, and, as it was demonstrated during the three days of Armed Strike, the People's War moves toward the definitive victory while the old state and its genocidal Army are quickly deteriorating.

Uruguay

Condor Missiles 'Could Be Hidden in Uruguay'

PY2806142393 Montevideo Radio El Espectador Network in Spanish 0930 GMT 28 Jun 93

[Excerpts] Some of the finished Argentine Condor-2 project missiles that are believed to have disappeared could be hidden in Uruguay according to a report published on 27 June in the Argentine weekly NOTICIAS.

According to the Sunday weekly in its column by Joaquin Morales, U.S. intelligence services have deduced that some finished missiles could be hidden in our country. It indicates that this cannot be discussed while there is no definite evidence because it is possible that another lie has been floated. [passage omitted]

The Sunday weekly insists that U.S. intelligence services deduce, or know, that some of the finished missiles could be hidden in Uruguay, but indicates that this cannot be discussed while there is no proof and while we are on unsure ground in view of the probability that another lie has been floated.

Berrios Signature on Letter Delivered in Milan 'Authentic'

PY2606012093 Montevideo Radio El Espectador Network in Spanish 0000 GMT 26 Jun 93

[Text] The signature of Chilean chemist Eugenio Berrios on the letter delivered to the Uruguayan Consulate in Milan is authentic.

The examination of documents delivered to the Uruguayan Government has confirmed the signature on the letters delivered by Berrios to the Uruguayan diplomatic representative.

Investigations at a judicial and administrative level continue.

Venezuela

Foreign Minister 'Regrets' U.S. Attack on Baghdad

PA2906041593 Caracas Venezolana de Television Network in Spanish 2350 GMT 28 Jun 93

[Commentary by Carlos Romero]

[Text] Good evening. The United States has just carried out a military action against Iraq that makes a mockery of international law. As is well known, there are two types of images in international relations: one projects struggle, power, and the exercise of power; the other order, law, and the search for regulation between states.

U.S. diplomacy has played with both images. On certain occasions it has played with order and it has received the support of most of the international community. On other occasions it has played with power, with struggle, and has received mostly negative reactions by the majority of the world's countries.

This is it how it stands now. No one can understand why the United States has exercised this military action against Iraq. Consequently, the United States has received very little support at the international level. This holds true for Latin America and Venezuela.

In Venezuela, a general foreign policy principle is the search for peace and not provocation for war.

[Begin recording, Foreign Minister Fernando Ochoa Antich] Venezuela considers absolutely wrong any sort of terrorist actions, whether from individuals or from states. Venezuela had recommended to the various powers that have interests in the Persian Gulf area that they exert self-control over their military actions to avoid this sort of affair. Venezuela regrets the loss of life that has resulted from this military action. [end recording]

* Industrial Activity Indicators Fall in First Quarter

93SM0293A Caracas EL DIARIO DE CARACAS in Spanish 22 May 93 p 17

[Article by Luisa Amelia Maracara]

[Text] Barquisimeto—The indicators of industrial production fell 7.5 percentage points (to 27.8 percent) during the first quarter of this year by comparison with the fourth quarter of 1992, according to the First Survey of Economic Conditions in the Industrial Sector conducted by the Center for Documentation and Reference (CIDRE) of the Venezuelan Council of Industry (Coindustrial).

Another factor that experienced a decline was investments, which dropped from 44.35 percent in the fourth quarter of 1992 to 37.3 percent in the first quarter of this year—a decrease of 7 percent in overall investment [in industry].

The indicators recorded in the survey also show that the net balance between the companies that recorded an increase in their portfolio of orders and those that recorded a decrease declined from 38.10 percent in the fourth quarter of 1992 to 21.78 percent in the period under study. The decline in the portfolio of orders was due mainly to the weak demand for manufactured goods that resulted from the continuing decline in the purchasing power of Venezuelans, and also from the policy of contraction of monetary liquidity carried out by the Central Bank of Venezuela and other factors for contraction that were generated by the uncertain political climate.

As a consequence of these factors for change in demand, the level of inventories of raw materials and finished products reflected the rate of decline observed in the indicators. The net balance for raw materials declined from 10.4 percent in the fourth quarter of 1992 to 1.9 percent—a drop of 8.5 percent. In the case of finished products the decline was 10.3 percentage points: from 12.6 percent at the end of the fourth quarter of 1992 to 2.3 percent at the end of the first quarter of this year.

The factors that contributed to the decline in these two indicators were: the high cost of money for maintaining inventories; the weakening of the market; the problems of dumping [preceding word in English] and contraband goods; and the deterioration of the overall situation in the other sectors of the economy.

The situation with regard to the prices for finished products and for raw materials also worsened in the period under study.

The net balance for those companies that reported increases in raw materials rose to 95.5 percent in the first quarter of 1993, compared to 89.3 percent in the previous quarter.

The indicator for employment rose to the highest level since 1986. The number of employed persons increased from 508,752 in the fourth quarter of 1992 to 531,095 in the first quarter of this year.

A majority of the entrepreneurs assessed the overall situation as positive, although the net indicator pertaining to that category declined from 47.6 percent as of the end of last year to 40.27 percent for the period under study.

Utilized production capacity at the national level averaged 60.3 percent. The region with the highest average was Guayana with 71.8 percent, followed by Zulia with 68.8 percent.

The industrial sector that recorded the lowest average for utilized capacity was that of wood products and furniture, preceded by textiles, clothing, leather, and footwear. The sector recording the highest percentage of employment was that of food and beverages.

* CVG, Finance Ministry Reach Agreement on Sidor Debt

93SM0293B Caracas EL DIARIO DE CARACAS in Spanish 18 May 93 p 17

[Article by Fabiola I. Sanchez]

[Text] Following lengthy negotiations that lasted for more than six months, the Ministry of Finance and the Venezuelan Corporation of Guayana [CVG] have reached a definitive agreement on capitalization of 60 percent of the $1.507 billion foreign debt of the Orinoco Iron and Steel Works (Sidor).

The parties involved in the negotiations (the Finance Ministry and Sidor) will sign an agreement today that establishes the terms under which Sidor is to pay the Republic—over the next 15 years—the 40 percent of the debt that is not capitalized and that represents the sum of approximately $602 million.

Aristides Moreno Mendez, director general of the Finance Ministry, stated that the capitalization agreement will be consummated today with the payment by Sidor of 5 billion bolivares.

Oscar Mata Prato, Sidor's vice president for finance, explained that the steel enterprise will today pay the Finance Ministry the sum of 4,573,566,287 bolivares, representing payment of the interest for the period 18 June to 18 December 1992.

He also stated that on 21 May Sidor will make a second interest payment, in the amount of 365,532,479 bolivares.

Sidor had previously paid—on last 31 March—the sum of 659 million bolivares in Asset Revaluation Taxes.

Sidor's vice president for finance said that on next 19 June and 19 December the company is to pay the

Finance Ministry 1.273 billion bolivares to complete the payment of 9.95 billion bolivares that Sidor is pledged to make this year as part of the agreement to capitalize its foreign debt, which agreement stipulates:

"Sidor is to pay the sum of 3.2 billion bolivares, as payment in advance of the Asset Revaluation Tax. This sum is to be paid in full by December of the present year.

"Between the months of June and December, Sidor is to pay the sum of 3.254 billion bolivares, representing the differential in interest.

"Sidor is to pay the sum of 2.78 billion bolivares for debt service. This sum is to be paid in full during the period between the months of June and December."

The Lengthy Process

The process of capitalizing Sidor's foreign debt was initiated in October 1991. Commission 1261—comprising representatives of the Venezuelan Corporation of Guayana, the Ministry of Finance, the Ministry of Cordiplan [Coordination and Planning], and the Venezuelan Investment Fund—was created to establish the form in which Sidor would pay the Republic the amount of its noncapitalized foreign debt ($602 million).

Despite the fact that during 1992 significant progress was made in the negotiations looking toward conclusion of an agreement on capitalization of Sidor's debt, the negotiations abruptly came to a halt in December when the Venezuelan Corporation of Guayana and the Finance Ministry were unable to agree on the exchange rate that would be used to calculate the amount of interest and principal to be paid.

In January 1993 the parties involved in the negotiations decided to use the exchange rate prevailing at the end of 1992 for payment of the principal of Sidor's foreign debt.

The negotiations were obstructed once again in February, when Sidor refused to pay the Finance Ministry the sum of 3.254 billion bolivares to cover the differential in interest. Lastly, the CVG and Ministry of Finance on 12 May succeeded in reaching an agreement that calls for an initial payment for this year of 9.95 billion bolivares. The agreement will be signed today.

* Employment Figures for Second Half of 1992 Viewed

93SM0293C Caracas EL UNIVERSAL in Spanish 17 May 93 p 2 Section 2

[Text] During the period between the second half of 1991 and the second half of 1992, the private sector of the economy accounted for 116 percent of the increase in employment of the labor force, because in addition to creating all of the 234,280 new jobs that were added to the employment rolls, it absorbed the 37,112 jobs (a decrease of 16 percent) that were lost in the public sector.

These statistics are taken from the report, "Indicators of the Labor Force," corresponding to the second half of 1992. These indicators are developed on the basis of information obtained by the Survey Program for Sampling Households. This is a program that the OCEI [National Office of Statistics and Information] has carried out twice a year since 1967 and that investigates—by means of multistage surveys of the probabilistic type—the demographic and socioeconomic characteristics of the population above 15 years of age. The universe of the survey was the entire country, and almost 40,000 households were used as the sample.

In the second half of 1992, 7,543,273 persons out of the total population above 15 years of age participated in the nation's economic activities (persons who are working, who are looking for work for the first time, or who used to work and are now looking for a new job in the labor market). This adds up to a 59.5 percent rate of activity: in other words, of every 100 persons above 15 years of age, 60 are in the labor force. The remaining 40.5 percent of the population above 15 years of age constitute the economically inactive population, which consists of students, retirees, persons living on unearned income, persons engaged in unpaid work in the home, and persons who are temporarily or permanently incapacitated for work because of accidents or illness.

Unemployment Is Highest in Lara, Portuguesa, Yaracuy, and Falcon, Lowest in Federal District and Miranda

Between the second half of 1991 and the second half of 1992, 125,344 persons were added to the labor force. Of this total, 37.3 percent were added in the central region (states of Aragua, Carabobo, and Cojedes); 25.5 percent in Zulia; 18.8 percent in the west central region (states of Lara, Portuguesa, Yaracuy, and Falcon); 17.9 percent in the northeastern region (states of Anzoategui, Sucre, and Monagas); 17 percent in Los Andes (states of Tachira, Merida, and Trujillo, and Paez Municipality in the state of Apure); and 11.1 percent in Guayana.

In comparing the second half of 1992 with the second half of 1991, we discovered that unemployment decreased in all the administrative regions with the exception of Guayana—where it rose to 6.1 percent from 4.9 percent—and the west central region, where the unemployment rate was unchanged at 10.8 percent. In the Los Andes region, unemployment decreased to 6.8 percent from 7.9 percent; in the capital region it decreased to 5.5 percent from 7.5 percent; and in the northwestern region it decreased to 8.9 percent from 10.1 percent, a decline of 1.2 percentage points. The Zulia region also recorded a decrease in unemployment, from 8.2 percent in the second half of 1991 to 6 percent in the second half of 1992. The region recording the lowest rate of unemployment (5.5 percent) was the capital region, while the west central region recorded the highest rate (10.8 percent). Unemployment in the metropolitan area of Caracas was 4.7 percent.

Construction Industry Takes Over First Place in Job Creation, Displacing Services and Manufacturing

In the second half of 1992, the different sectors of the economy recorded the following rates of unemployment: Agriculture and cattle raising, 5 percent; social, community, and personal services, 4.4 percent; financial institutions, 6 percent; hydrocarbons, mines, and quarries, 7.2 percent; electricity, gas, and water, 5.8 percent; retail trade, restaurants, and hotels, 4.9 percent; and transportation, storage, and communications, 6.1 percent. Manufacturing recorded an unemployment rate of 6.9 percent.

The only sector of the economy that recorded an unemployment rate higher than the national total was the construction industry, with a rate of 14.9 percent. It should be emphasized, however, that this sector (which has encountered severe problems of inactivity ever since the mid-1980's) has been consistently decreasing its unemployment rate. In fact, unemployment in the construction industry in the past two years decreased from 25.2 percent in the first half of 1990 to 22.2 percent in the second half of 1990 and 21.7 percent in the first half of 1991, and then recorded a spectacular drop of more than four percentage points to 17.1 percent in the second half of 1991 and another 2.2 points to 14.9 percent in the second half of 1992, as mentioned previously. As an added statistic, the construction industry generated 51,968 new jobs between the second half of 1991 and the second half of 1992, thereby taking over first place in job creation from services and manufacturing, by comparison with the previous one-year period between the first half of 1991 and the first half of 1992.

A sector-by-sector analysis of the total of jobs created during the period between the second half of 1991 and the second half of 1992 indicates that the greatest contribution to the increase in employment was actually made by the retail trade, restaurant, and hotel sector, which created 88,959 new jobs. In second place was the construction industry, which—as we have already said—created 51,968 new jobs during that period. In third place was the transportation, storage, and communications sector with 43,758 new jobs, followed by the manufacturing industry with 35,657 new jobs; financial institutions, with 25,455 new jobs; municipal, social, and personal services, with 19,272 new jobs; hydrocarbons, mines, and quarries, with 7,273 new jobs; and lastly, electricity, gas, and water, with 3,034 new jobs.

An occupation-by-occupation analysis of this overall increase in jobs indicates that workers and craftsmen as a group accounted for 24.7 percent of the increase (70,436 jobs); office employees and similar white-collar workers, 19.1 percent (54,519 jobs); salespersons and similar groups, 18.3 percent (52,247 jobs); professionals and technicians, 17.3 percent (49,185 jobs); drivers of transport vehicles, 14.1 percent (40,236 jobs); workers in services, sports, and entertainment, 3.8 percent (10,708 jobs); managers and administrators, 1.8 percent (5,219 jobs); and lastly, miners and quarrymen, 0.8 percent (2,398 jobs).

In the period between the second half of 1990 and the second half of 1991, all occupational groups recorded decreases in their rates of unemployment except the category of farmers, cattlemen, and fishermen and the category of miners and quarrymen.

More Than 80 Percent of the Labor Force Works in the Private Sector

According to the comprehensive indicators of the labor force that were obtained in the OCEI Survey of Households for the second half of 1992, 82.1 percent of the employed labor force in Venezuela worked in the private sector of the economy while 17.9 percent worked in the public sector. During the period between the second half of 1991 and the second half of 1992, the private sector of the economy contributed 116 percent of the increase in employment of the labor force, because in addition to creating all of the 234,280 new jobs that swelled the ranks of the employed, it also absorbed the 37,112 jobs that were lost in the public sector (16 percent of all public-sector jobs).

Of the 5,749,254 persons who are working in the private sector of the economy, 49.2 percent are white- or blue-collar employees; 23.2 percent are self-employed workers; and 7.8 percent are owners or employers. The workers referred to as "family helpers" (those who work in enterprises operated by a family member) constitute 1.8 percent of the labor force that is employed in the private sector. Both in the public and private sectors, the relative participation in the labor force by persons with a secondary-school or higher level of education has increased, while there has been a corresponding decrease in the relative participation by workers who are illiterate, have never attended school, or have only an elementary school education.

Decrease in Proportion of Labor Force Working in Informal Sector

In the second half of 1992, 4,230,636 persons—60.4 percent of the employed labor force in Venezuela—worked in the formal sector of the economy, while 2,772,895 persons (39.6 percent) worked in the informal sector. This represents—by comparison with the figures for the second half of 1991—a relative decrease of 0.8 percent in the part of the labor force that works in the informal sector, which recorded an absolute increase of only 29,598 employed workers.

The workers in the informal sector of the economy were broken down into the following categories: self-employed nonprofessional workers, 57.2 percent (1,585,227 persons); employers, white-collar workers, blue-collar workers, and "family helpers" who work in enterprises that employ no more than four persons, 35.1 percent (974,297 persons); and domestic servants, 7.7 percent (213,371 persons).